

## 4 Killed Outside U.S. Base

Philippine Gunmen Slay GIs, Bystander

By Keith B. Richburg

MANILA — Two U.S. soldiers, a retired American serviceman and a Filipino were shot and killed Wednesday in three apparently well-coordinated attacks outside Clark Air Base, in what would be the first known terrorist assaults on American targets here in more than a decade.

In a fourth incident, a U.S. serviceman's car came under fire at about the same time, but he escaped injury, according to Major Thomas Boyd, a spokesman at the leased American base in Pampanga Province north of Manila.

All of the attacks occurred within 15 minutes of each other, beginning shortly before 4 P.M. They all occurred within two miles (3.2 kilometers) of the base.

No one claimed responsibility for the attacks, and the U.S. military refused to speculate about the perpetrators.

"We don't have any way at this time to determine whether the attacks were coordinated, whether Americans were specific targets, or what the motives were," Major Boyd said. "We have not come to any conclusions. It is too soon."

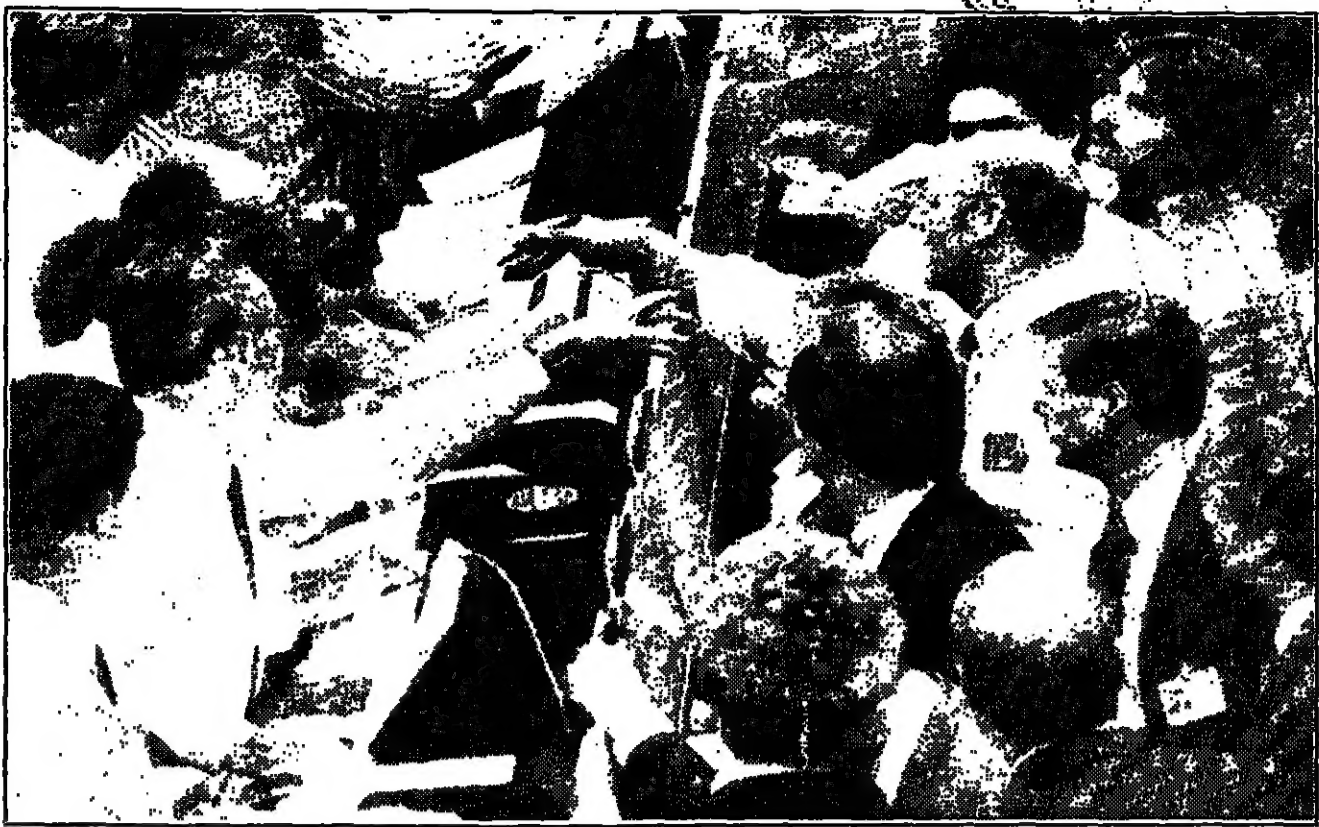
Most analysts said that the attacks could be the work of Communist assassins or of rebel rightist military officers who wanted to destabilize the government of President Corason C. Aquino.

One of the victims was killed while walking near a restaurant in Davao, and another was killed on the road to Carmenville. In the latter attack, military officials said that a Filipino who tried to come to the aid of the American victim also was killed.

A car carrying an American came under fire at about the same time on the road to the Sunset Valley housing subdivision near the base, but the assailants apparently missed. In the fourth attack, a retired air force serviceman was killed at Hensonville.

Major General Donald Snyder, the commander of the U.S. 13th Air Force, appealed on the armed forces television station in Manila

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There was hectic trading Wednesday on the floor of the Frankfurt stock exchange, and prices fell sharply.

## Tax Hike: Solution or Recipe for Disaster?

By Leonard Silk

NEW YORK — Just when President Ronald Reagan and Congress have started moving toward a compromise on measures to reduce the federal budget deficit, with the logjam apparently broken by the stock market plunge, an unlikely alliance of economists is warning that shrinking the deficit by raising taxes and cutting government spending would be the wrong thing to do at the worst possible time.

Robert Eisner, a professor of economics at Northwestern University and the president-elect of the American Economic Association, has attacked budget cutting now as "conventional wisdom" that threatens "economic disaster." It would be a "mindless throwback to the economics of Herbert Hoover," he says.

Paul Davidson, professor of political economy at the University of Tennessee and editor of the Journal of Post-Keynesian Economics, says

that, after the market plunge, raising revenues and lowering government spending to reduce the deficit "can exacerbate current recessionary tendencies and can even create a second Great Depression in the 20th century."

And some of Mr. Reagan's most committed supporters of "supply side" economics, such as

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Paul Craig Roberts of Georgetown University and Jude Wanniski, president of Polyconomics Inc., oppose any budget-shrinking moves involving tax increases. Such steps, they say, would have the perverse effect of reducing tax revenues. New taxation would chill the economy, reduce personal and business incomes, and thus lower tax receipts.

Mr. Reagan, while sending his men to negotiate with Congress, has continued to assert he will resist a tax increase, though willing to

accept measures that could be called "revenue enhancement."

The Wall Street Journal's editorial page warned that "the sight of the president selling out what everyone knows to be his beliefs will be anything but reassuring to the markets."

So goes the provocative argument being made by strange bedfellows, the liberal hard-core Keynesians and conservative supply-side

Obviously, not all Keynesians share Mr. Eisner's and Mr. Davidson's fear of throwing the economy into recession. Lawrence Summers, professor of economics at Harvard, calls Mr. Eisner and Mr. Davidson "hard-core Keynesians" in contrast to "eclectic Keynesians" such as Professor Robert M. Solow of the

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## Falling Dollar Unsettles World Stock Prices, but Wall St. Shows Stability

### Banks Act to Aid Currency

By Ferdinand Protzman

FRANKFURT — Central banks bought massive amounts of dollars Wednesday on foreign exchange markets as the U.S. currency slid to its lowest levels since 1980 against the Deutsche mark.

Economists and currency traders called the intervention a major coordinated effort to control the pace of the dollar's decline.

Finance Minister Gerhard Stoltenberg of West Germany confirmed that the central banks of leading industrialized nations had coordinated their actions "to stabilize currency rates."

"If necessary, it can be stepped up on an international level," he said in a statement released by the Finance Ministry.

The intervention helped the dollar recover from the day's lows in Europe. But a statement later by Jacques Delors, president of the European Community's executive body, caused the dollar to spiral downward in New York.

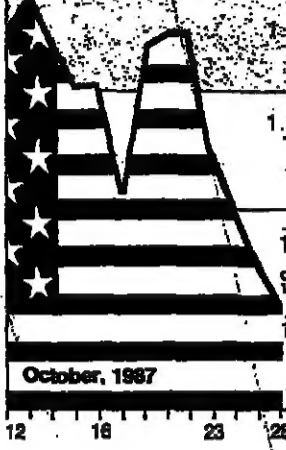
Mr. Delors asserted that the United States was prepared to allow the dollar to fall to 1.60 Deutsche marks, a level it has not seen.

The dollar tumbled nearly 2 pennies in New York to close at 1.7380 DM, down from 1.7375 Tuesday. It fell to 138.45 yen from 140.55, to 5.8240 French francs from 5.8585 and to 1.4345 Swiss francs from 1.4475.

The dollar also fell against the British pound, which strengthened to \$1.724 from \$1.704. In Washington, the U.S. Treas-

### The Dollar's Recent Weakness

West German marks to the dollar, daily London rates



### Dow Rises A Fraction

Compiled by Our Staff From Dispatches

NEW YORK — The New York stock market struggled to regain its balance on Wednesday but only blue-chip stocks succeeded, with the Dow Jones industrial average inching up 0.33 point.

The rest of the market tumbled, dragged down by the falling dollar and the sharp decline in stock prices overseas (Articles, pages 11 and 14).

Analysts said, however, that Wall Street was showing some signs of stabilizing in the aftermath of last week's historic collapse and the continued sharp decline on Monday.

The Dow average of 30 blue-chip stocks inched up to 1,846.82 after rising a more solid 52.56 points, or 2.9 percent, on Tuesday. On Monday, the index plunged by 8.04 percent, or 156.83 points, in its second-worst day on record.

But declining stocks led gains 2-1 on the New York Stock Exchange. Prices also fell sharply in over-the-counter and American Stock Exchange issues.

NYSE volume rose to 280 million shares, from 260 million on Tuesday, extremely heavy by historical standards, but still far below the 600 million share levels of last week. Stock exchanges are closing two hours early every day this week to cope with the huge volume.

Wall Street began the day by compounding the misfortunes of overseas stock markets, most of which had suffered heavy losses early in the day and overnight.

Within the first half-hour of trading, the Dow average had plunged 65 points, amid fears that the dollar's continued weakness could force up interest rates, if only to stabilize the currency.

Lower interest rates help to stimulate the economy. Some economists fear that the cash loss from the stock market's 34 percent fall since last August — including the 508-point loss on Oct. 19 — will discourage consumers and businesses from spending at a pace that will produce economic growth.

By midmorning, though, the market began to grapple back, and by 11 A.M. the Dow had recovered some of its way into positive territory and was on its way to a gain of 34 points. Reports of intervention on behalf of the dollar set up the rally, one trader said.

But those gains were soon erased when Jacques Delors, president of the

See MARKETS, Page 10

## Heat Is on Bonn to Help, Through Growth

By Reginald Dale

PARIS — Strong internal and external pressures are mounting on West Germany to play its part in stabilizing the world economy by adopting more expansionary policies, government officials and private economists said Wednesday.

The plunge in the value of the dollar and the sharp fall of the Frankfurt bourse on Wednesday should shock West German officials into relaxing tax and interest rate policies, as the United States has long demanded, according to officials from other governments.

The danger is that if West Germany does not listen to appeals for international cooperation, it could provoke a real 1930s-type depression," said Christopher Johnson, chief economic adviser to Britain's Lloyd's Bank.

After the Frankfurt stock exchange closed

5.6 percent lower, Gerhard Stoltenberg, the West German finance minister, gave a signal that some of the pressure may be working.

In a British television interview late Wednesday, Mr. Stoltenberg said that West Germany was reconsidering its interest rate policy in the

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light of the financial crisis. He declined, however, to say whether any announcement of a change could be expected in the next few days.

As the dollar's fall created strains within the European Monetary System, the European Community's eight-nation currency bloc, France was also understood to be urging West Germany to ease its policies and patch up its recently strained relations with Washington.

France would like to see a reduction in West German interest rates to relieve pressure on the

franc and allow French interest rates to fall in turn, officials said. That would help to boost France's economy in advance of the country's presidential election next year and offset the loss of French export markets as the U.S. economy slows down.

West Germany holds the key to unlocking the crisis, said Brendan Brown, chief economist at County NatWest investment bank in London. If the Bundesbank quickly eased its monetary policy, it would give the U.S. Federal Reserve Board scope to loosen its own policy without provoking a further crash in the value of the dollar.

Increased domestic demand would also cushion West German exporters from losses in the U.S. market as a result of the declining value of the dollar, analysts said. The shares of major

See POLICY, Page 17

## Investors Spurn BP Offer

The £7.2 billion (\$12 billion) sale of British Petroleum Co. stock by the British government has floundered.

When the share offer closed Wednesday, it appeared that only between 200,000 and 300,000 people had subscribed for BP stock. Before the plunge of stock markets around the world last week, more than 6 million had said they were interested.

The sale, the biggest privatization effort attempted in Europe, was an important part of Prime Minister Margaret Thatcher's campaign of selling state companies to private investors. (Mrs. Thatcher has thrown her support behind demands that the United States reduce its budget deficit, Page 3.)

In unofficial trading in London, BP's share price closed at 256 pence Wednesday, sharply down from the 330 pence per share offer price set two weeks ago.

Underwriters, which are committed to buy the shares that investors do not take up, have urged the government to call the sale off.

Nigel Lawson, chancellor of the Exchequer, will decide Thursday whether the deal will go through. Official trading of the BP shares on the London stock market is to start Friday. (Page 11.)

## Officials Ask Deng to Stay In Politburo

By Daniel Southerland

BEIJING — Chinese provincial officials revealed on Wednesday that Deng Xiaoping is being pressed by many other senior party officials to reverse his announced intention to retire from the party's ruling Politburo.

The unexpected revelation, made at a press conference, injected new uncertainty into the senior Chinese leader's attempts to engineer a smooth transition of power from older leaders like himself to younger ones.

Western diplomats said that if Mr. Deng, 83, is unable to retire from the Politburo, it would indicate that the party leadership is torn by conflicts over the succession to Mr. Deng and that Mr. Deng's strong presence at the top is still required to arbitrate disputes among the leaders.

They suggested that it would also reveal a lack of confidence in the ability of Prime Minister Zhao Ziyang, who is expected to take over as party chief at the end of the party congress that is now in progress. And it would be an indicator of the strength of "conservative" leaders who have been reluctant to follow Mr. Deng's example and retire from the Politburo, diplomats said.

But a number of diplomats, as well as Chinese officials, predicted that despite strong rumors and pressures to the contrary, Mr. Deng would in the end resign from the Politburo. He would retain influence as the country's paramount leader through his continuing leadership of the army, they said.

The talk of Mr. Deng's staying on at the pinnacle of power in the standing committee of the Politburo instead of resigning has been one of the surprises at a party congress

See DENG, Page 8



Deng Xiaoping at the Chinese Communist Party congress under way in Beijing.

## Reagan, Awaiting Shevardnadze, Asks Soviets to Drop SDI Demands

By Joel Brinkley

WEST POINT, New York — President Ronald Reagan called on the Soviet Union on Wednesday to stop holding arms reduction talks "hostage to measures that would cripple our Strategic Defense Initiative."

Mr. Reagan's remarks, in a speech at the U.S. Military Academy, came just before the White House formally announced that Edward A. Shevardnadze, the Soviet foreign minister, would visit Washington on Friday, apparently to lay the groundwork for a possible summit meeting for a possible

Last week, Mikhail S. Gorbachev, the Soviet leader, said he would not set a date for a summit meeting in the United States until an unspecified agreement of some sort was reached on the Strategic Defense Initiative, Mr. Reagan's space-based defense program.

But on Wednesday, the White House said Mr. Shevardnadze would bring with him a letter from Mr. Gorbachev and would meet

with Secretary of State George P. Shultz and Mr. Reagan.

Soviet officials have suggested that the meeting is intended to lay the groundwork for a summit conference later this year.

But the White House — stung last week by Mr. Gorbachev's surprise announcement that he was

Moscow says the United States can inspect two disputed radars, Page 8.

not ready for a summit meeting, even after the president and other officials had been openly promoting the idea — was not willing to predict on Wednesday what might happen as a result of the foreign minister's visit.

"The president welcomes the visit and assumes the foreign minister will want to discuss a wide range of subjects," the White House spokesman, Martin Fitzwater, said.

Another White House official said: "We don't know if it will result in a summit. We're just going

to wait and see what he has to say."

In his speech, Mr. Reagan said: "It would be good for Mr. Gorbachev to see this country for himself. When the general secretary is ready to visit the United States, I and the American people will welcome him."

But he also said, "A summit is not a pre-condition for progress on the agenda at hand."

If a summit meeting is held, it is expected to be the occasion for signing the proposed treaty banning intermediate-range weapons that is nearly complete, Mr. Reagan said Wednesday that he would not sign a treaty until "effective verification" was assured, asserting that the Soviets might otherwise be likely to cheat on any agreement.

"They have an extensive record of violating past arms control agreements," he said.

And on the subject of the Strategic Defense Initiative, Mr. Reagan said, "The Soviets must stop hold-

See REAGAN, Page 8



As starving Ethiopians await food, the rebels are threatening relief convoys.

Page 7.

### GENERAL NEWS

■ The Malaysian government arrested 63 people and closed three newspapers as racial tensions rose. Page 8.

### BUSINESS/FINANCE

■ Trading in the newly privatized Compagnie Financière de Suez has been postponed by the French government. Page 14.

Dow close: UP 0.33  
The dollar in New York:  
DM £ Yen FF  
1.738 1.724 138.45 5.824



## Iraq Ends Gulf War Lull With Reports of Attacks On 'Maritime Targets'

By Loren Jenkins  
Washington Post Service

DUBAI — Iraq said Wednesday that it had attacked three "maritime targets," or tankers, off the Iranian coast in the past 24 hours, ending a one-week lull in such attacks.

The announcement of attacks against Iran in the Gulf came 12 hours after Baghdad had unleashed a new campaign of aerial attacks against Iran's oil installations to "upstage the Iranian regime of its maneuvers of aggression."

Iraq immediately warned Iraqi civilians to seek refuge in four Shiite holy cities to avoid its imminent "deadly response" to what it claimed were also two Iraqi aerial attacks on "nonmilitary" targets in western Iran in which a number of civilians were allegedly wounded.

The terms used by the Iranian warning broadcast on Tehran Radio were similar to those issued earlier this month before Iran fired four Soviet-made Scud surface-to-surface missiles into the heart of Baghdad. Iraq claims 134 people were killed and 2,036 were wounded as a result of the missiles, one of which fell on a school full of children.

In a military communiqué

Wednesday night, Iraq boasted that its air force had staged a series of "destructive raids" on a number of oil refineries and chemical plants in and around the city of Shiraz, in Iran's southwest.

Iraq claimed, meanwhile, that it had shot down two Iraqi jets during the raids, but a communiqué issued by the Iraqi news agency in Baghdad denied any losses.

Iraq resumed its attacks on the Iranian oil industry Tuesday with an attack on the Agha Jafar oil fields. It followed that with Wednesday's raids around Shiraz and the resumption of attacks on Iranian shipping in the Gulf late Tuesday night and early Wednesday.

Shipping officials in Dubai said Wednesday afternoon that there was no word on just what the Iraqi-attacked "maritime targets" might have been.

That was taken as an indication that the Iraqi-claimed targets were not international shipping but more likely decoys Iran has set around its main oil terminals and shipping routes, or Iranian-owned ships of the National Iranian Oil Co.

President Ali Khamenei of Iran on Wednesday shrugged off the U.S. economic blockade against Iran announced by President Ronald Reagan over the weekend. In a broadcast on Tehran radio, Mr. Khamenei said that Iran would withstand whatever pressure Washington sought to apply and would give an "appropriate reply" to the U.S. action.

"We have been threatened with an economic blockade by the Western states," he said. "We are not afraid of such things."



Nabih Berri said Wednesday that a South Korean was released for \$1 million.

## Beirut Gunmen Free Korean

By Nora Boustany  
Washington Post Service

BEIRUT — A South Korean diplomat kidnapped in West Beirut was released for a \$1 million ransom, Nabih Berri, Lebanon's justice minister, said Wednesday.

Mr. Berri, who also heads the Shiite Muslim militia Amal, said that Amal had helped organize a safe passage for Do Chae Sung, 38, a second secretary at the South Korean Embassy, to travel from Beirut to Seoul via the Gulf. Mr. Do was abducted on Jan. 31, 1986.

"Regrettably, and according to my information, not less than \$1 million were paid for the release of the South Korean diplomat," Mr. Berri said. "Once again Beirut is a

station for abduction and afterward a station for releases."

Mr. Berri helped negotiate an end to the 17-day hijacking of a Trans World Airlines plane in June 1985, during which more than 30 Americans were held by Shiite gunmen.

Amal has been instrumental in tracing and securing freedom for other foreigners seized in Beirut, including Saudis, Libyans, Italians and Americans. According to Beirut International Airport officials, Mr. Do left Beirut for home via Kuwait on Tuesday.

Mr. Berri refused to identify the kidnappers and stressed that Amal had only facilitated Mr. Do's journey. "Yes, the Amal movement protected him after his release, but

we had no role in freeing him," he said.

In an evening news program, the Lebanese Broadcasting Corporation, a television station run by the Christian Lebanese Forces militia, broke the news on Mr. Do's liberation Monday.

Gunmen intercepted Mr. Do's car as he was being driven to work in the seaport Ramlet al Baida quarter of Beirut.

Three days after his disappearance, the previously unknown Green Brigades claimed responsibility for his seizure.

At least 21 other foreigners, including eight Americans, are still missing in Lebanon. Most of them are being held by groups linked to Iran.

## China, Despite Denials, Is Reported Arming Iran

By Elaine Sciolino  
New York Times Service

WASHINGTON — Despite China's repeated denials that it sells arms to Iran, Iran received a shipment of artillery pieces and shells from China in the last two weeks, according to Reagan administration officials.

In addition, there are intelligence reports that 100 sophisticated Chinese C-801 anti-ship missiles either have been delivered recently or may be on the way to Iran.

The two countries are also believed to be completing arrangements through Hong Kong for further shipments of Silkorm missiles, officials said. Iran has

used the Silkorms against Kuwaiti installations and against ships in Kuwaiti waters, including last week's attack on a re-registered Kuwaiti tanker under American protection.

Senior Pentagon and State Department officials are increasingly distressed by the military relationship between Tehran and Beijing, which has expanded dramatically since the visit of Hashemi Rafsanjani, the speaker of Iran's Majlis, or parliament, to China in 1985.

The United States has repeatedly protested the arms deals, and officials said on Tuesday that Michael H. Armacost, undersecretary of state for political affairs, would renew those protests when he arrives in Beijing next week. In the past, the United States has had no success in curbing the relationship, despite forceful protests.

"What concerns us is the steady flow of a wide variety of arms from China to Iran," one State Department official said. "It's not just the Silkorms. Even without the Silk-

orms, the Chinese shipments are significant."

Mr. Armacost will also explain the Reagan administration's decision last week to interrupt a process of liberalizing the export of some high-technology products to China, in what officials said was a proportional response to continued sale of the Silkorm missiles.

His trip comes as American-Chinese relations are somewhat strained because of China's crackdown on recent unrest in Tibet and accusations that Washington is meddling in China's internal affairs. Mr. Armacost is also expected to express the Reagan administration's growing displeasure with the Chinese over the Tibet issue.

There is some debate within intelligence agencies about whether the most recent Chinese arms shipment included Silkorm missiles and how many Silkorm missiles are already in the Iranian arsenal.

Some administration officials said Tuesday that Iran might have more than 100 of the missiles, al-

though a senior Pentagon official said that only about 75 had been delivered.

The focus on the Silkorms has obscured the fact that China sells a large volume of other arms to Iran that arrive on a regular basis, often via North Korea, and provides some military training to Iran.

So deep is the military relationship that in 1986, China and North Korea provided nearly 70 percent of all Iranian military imports, according to Anthony H. Cordesman, a military analyst and author of a new book on the Iran-Iraq war.

According to Mr. Cordesman, at least \$500 million in arms is still in the pipeline, including large amounts of artillery weapons, missiles, tanks, armored personnel carriers, ammunition, and mortars.

Since the first delivery of Silkorms last year, Chinese technicians have been giving Iranian revolutionary guards in Iran training in how to assemble, fire and maintain the missiles, administration officials said.

## WORLD BRIEFS

### Quebec Wins a Vote of Confidence

TORONTO (NYT) — In the face of bitter but fragmented opposition, the Canadian government has won parliamentary approval for changes to the country's constitution that would recognize Quebec as a "distinct society" and strengthen its battle to shore up its French language and culture.

In a vote on Monday night, the House of Commons divided 242-16 in favor of the so-called Meech Lake agreement. But opponents, who include former Prime Minister Pierre Elliott Trudeau, academic experts on the constitution, native Indian leaders and women's groups, are on the constitution, hoping that the accord will get bogged down in provincial legislatures, hoping that the accord will get bogged down in provincial legislatures, hoping that the accord will get bogged down in provincial legislatures.

Prime Minister Brian Mulroney hailed the Commons vote as "a triumph for Canada" and said Canadians could celebrate the fact that Quebec, whose legislature endorsed the agreement rapidly this summer, had committed itself to the constitutional integrity of the country. But Mulroney faces several obstacles, among them the prospect of long battles in some provinces and the possibility that the dispute will be a divisive issue in the next national election.

### Ecuador Leader Declares Martial Law

QUITO, Ecuador (Combined Dispatches) — President Leon Febres Cordero declared martial law Wednesday throughout Ecuador as police used tear gas against a strike by the country's most powerful labor federation.

Mr. Febres Cordero also ordered radio stations and newspapers placed under government censorship on Tuesday night. The government has outlawed the 24-hour strike, which began at midnight Tuesday, but the Communist-led United Workers Federation vowed to ignore the ban and predicted that more than one million workers and 800,000 students and farm laborers would strike.

The federation, which claims a membership of half of Ecuador's 350,000 unionized workers, is demanding the removal of Interior Minister Luis Robles Plaza, who was impeached by Congress in September and judged unfit to hold office for allegedly violating the rights of political prisoners. Mr. Febres Cordero has called the finding unconstitutional and Mr. Robles has remained in office. (AP, AP)

### Scientists Warn on Ozone Depletion

WASHINGTON (NYT) — The atmosphere's protective ozone layer is so depleted over Antarctica in September and October that there is cause for concern about the safety of scientists and support personnel there, researchers have told a Senate hearing. If the seasonal "hole" in the ozone layer continues to expand, they said, it could threaten inhabitants of southernmost South America.

Dr. Peter E. Wilkies, director of polar programs at the National Science Foundation, said Tuesday that he was concerned "for the health and safety of our people." He said the foundation was discussing the threat with officials from Chile and Argentina.

In the stratosphere, ozone, a form of oxygen, absorbs most of the ultraviolet radiation from the sun, which can cause sunburn and skin cancer and which can be lethal to many life forms.

### U.S. Budget Talks Focus on Spending

WASHINGTON (AP) — Talks between the White House and Congress on reducing the budget deficit resumed Wednesday with negotiators focusing on ways to restrain spending as part of their plan to reassure financial markets.

"I expect we'll look at the spending side first," said Representative William H. Gray 3d, Democrat of Pennsylvania, the chairman of the House Budget Committee. "I'm optimistic and upbeat," he said of the talks, which will later test President Ronald Reagan's willingness to consider a tax increase.

The negotiating group, in its first meeting Tuesday, discussed different conceptions of a broad spending freeze on domestic and military programs that could help them meet their goal of \$23 billion in deficit reductions for the 1988 fiscal year, officials said.

### Swedish Official Criticizes the Police

STOCKHOLM (Reuters) — The Swedish police violated civil rights laws during the search for the killer of Prime Minister Olof Palme, Sweden's justice ombudsman said Wednesday.

The ombudsman, Anders Wigelius, strongly criticized house searches and the arrest of Kurds suspected of involvement in the assassination. The ombudsman's inquiry came after complaints by lawyers representing two Kurdish men arrested in December after a brawl in a restaurant.

Mr. Wigelius said there was no legal justification for searching the Kurds' homes and the Kurdish bookshop and cafe in central Stockholm. Mr. Palme was shot and killed in Stockholm in February 1986. Police hunting the lone killer have opened files on 28,000 people and investigated 40,000 tips, so far without success.

### Kohl, in Berlin, Makes Gift of Museum

BERLIN (Reuters) — Chancellor Helmut Kohl of West Germany signed a decree on Wednesday to build a German history museum in West Berlin, a multimillion dollar project that he said would stress the unity of the German nation.

"There is only one common history of the Germans," Mr. Kohl said at a ceremony held in the former Reichstag building near the Berlin Wall. The ceremony was a highlight of West Berlin's celebration of Berlin's 750th anniversary, and the 380 million Deutsche mark (\$218 million) museum, which is to be built near the Wall, is Bonn's anniversary gift to the city.

In East Berlin, the East German Communist Party's chief ideologist, Kurt Hager, harshly criticized rightist West German politicians for wanting to unite the two German nations.

### For the Record

The seventh game of the world chess championship was postponed Wednesday at the request of the champion, Garry Kasparov, Anatoli Karpov, the challenger, leads the 24-game series by a score of 3.5 to 2.5. The seventh game is now scheduled for Friday. (Reuters)

### TRAVEL UPDATE

#### Strikes Disrupt Italian Train Service

ROME (AP) — A 24-hour strike by drivers and conductors disrupted train service in Italy on Wednesday. The strike, which followed a recent walkout by engineers, had not received union authorization. Meanwhile, the national airlines Alitalia and ATI, faced with a series of strikes in recent days, were forced to cancel 40 domestic flights out of the Rome-Fiumicino airport on Wednesday. New strikes were planned on Friday at airports in Milan.

Unions representing Italian transportation workers are divided, and rank-and-file committees have emerged that reject accord worked out between the government and union officials. Labor and Transportation Ministry officials have said they are often at a loss to find someone to negotiate with.

To improve U.S. air travel conditions, the Senate on Wednesday began debating legislation that would blueprint the spending of \$15.6 billion to expand the nation's airports and modernize the air traffic control system. The funds will be provided by future legislation. (AP)

English Channel ferry service resumed Wednesday after two days of protests by French fishermen over restrictions on fishing near the British coast ended. (Reuters)

### Correction

Because of an editing error, a photo caption in Wednesday's editions said that Lloyd Kolokoff, a Miami broker, had been slain. He was in fact wounded.

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# INTERNATIONAL Herald Tribune

Published With The New York Times and The Washington Post

## Stick to the Arias Plan

The Central American peace accord coming into effect next week promises a healing cease-fire and a chance for democracy. This intricate plan delicately balances compromises from left and right; the entire plan would be imperiled if there were any substantial deviation from its present terms, as articulated by its chief author, President Oscar Arias of Costa Rica. Without doubt, the effort would founder if Nicaragua refused to deal with the leaders of U.S.-backed contra rebels. It would also collapse if President Reagan found a way to provide more guns for the rebels and resisted an outcome that would leave the Sandinistas in power.

The balance of compromises is so close that even the president who owes the most to Washington—José Napoleón Duarte of El Salvador and José Azcona of Honduras—publicly oppose Mr. Reagan's drive for \$270 million in new contra military aid. The message is clear, although it does not preclude providing contras with resupply aid.

Of equal importance, both Central American leaders also join with Mr. Arias in calling on the Sandinistas to deal with the exiled rebel leaders, who are anathema to the Managua junta. Nicaragua's President Daniel Ortega wants to restrict negotiations to individual field commanders.

This is at odds with the conciliatory promise of the accord. The Salvadoran and Guatemalan governments are now talking with political as well as military leaders of

leftist insurgencies. How else can these conflicts be brought to an end? Even the Sandinistas seem to realize this, as evidenced by the secret meetings between contra leaders and Cardinal Miguel Obando y Bravo, head of the reconciliation commission appointed by the Nicaraguan government.

In El Salvador, President Duarte takes far greater risks in dealing with and legitimizing his political opponents. Monday's brutal shooting of a Salvadoran human rights leader underscores the persistent threat of right-wing death squads, and the courage needed to defy them.

All the incumbent regimes can gain legitimacy from the Arias plan if they comply with its call for an end to emergency rule and take steps to democratize. What Mr. Reagan does not like is its vagueness about compliance and its requirement for an end to all foreign military aid to any irregular forces. But it is this balancing of risks that accounts for the plan's remarkable support, symbolized by the Nobel Peace Prize that Mr. Arias is to receive in Oslo.

That support could well be the best answer to President Reagan's fears about compliance—as long as he is also in compliance. The right and decent course is also the wisest. Let this regional plan develop on its own momentum, and for once let the Uncle Know-It-Alls in Washington take their lead from the Central Americans.

—THE NEW YORK TIMES

## The Causes in Eritrea

The use of starvation as a political weapon is a tragic and familiar aspect of wars in many lands, but the practice seems to have been taken to an especially terrible new place in Ethiopia. Surprisingly, the villain is not the Marxist government. That government has not shrunk from using starvation tactics to put down Eritrea's independence movement, but in this cycle it has solicited international relief to soften the famine to which its policies have significantly contributed, and it does tend to allow the trucks to roll through. Eritrean rebels themselves are accepting responsibility for an attack that destroyed 23 big trucks carrying more than 400 tons of emergency food supplies to a rebel-held area in neighboring Tigre.

It appears that clearly marked United Nations, Catholic Relief Services and other trucks were ambushed and burned on an Eritrean road last Friday. Drivers were detained and at least one was killed. The Eritrean People's Liberation Front, saying it had attacked the convoy, claimed that arms and ammunition were in some of the trucks. It is at least conceivable that a local commander had seen government forces in the area and

suspected that the convoy might be hostile—although this would not explain the subsequent burning of trucks and harassment of drivers. The relief agencies, hoping to return to the previously prevailing pattern of local understandings, are taking the view that the incident is an isolated one. They shudder to imagine the consequences if it is not.

In one of the distortions of the West's view of Eritrea, it is commonly seen as an international basket case. But the time is long overdue to see its agency as essentially political in origin. The United Nations federated this former Italian colony into Haile Selassie's Ethiopia in 1952. He absorbed it by force in 1962, and the Eritreans have been struggling for independence ever since, first against the U.S.-oriented Emperor Selassie and now against the Soviet-oriented Mengistu Haile Mariam. Struggling, that is, no longer against European colonialism, which everyone decries, but against African colonialism, which is usually ignored. Relief crises of one sort or another are likely to recur with terrible regularity in Eritrea so long as the political sources are not addressed.

—THE WASHINGTON POST

## Babies for the Budget?

Ronald Reagan has already pushed another trillion dollars of debt onto the next generation of taxpayers. Now the Republican presidential candidate Pat Robertson offers an even more refined idea of fiscal conservatism and family values. America should breed more babies, he says, so there will be more people to pay taxes.

Mr. Robertson, a fundamentalist preacher and founder of the Christian Broadcasting Network, begins his argument on moral grounds, by opposing abortion. But he quickly enlarges it, as he did in a speech last week, into a practical argument.

"We must have more children to expand the work force," he said. "By the year 2020, we are not going to have enough money to take care of all the retirees, there won't be enough people to expand the markets," and America's share of world population will drop to insignificance.

That represents paradoxical politics, disruptive social policy and callous morality. As for politics, Mr. Robertson feels so strongly that, despite his well known hostility to Big Government, he wants Washing-

ton to promote fertility. Parents, he says, should get a tax deduction of \$3,000 or \$4,000 every year for each child.

As for social policy, the annual number of births in America has wavered at around 3.5 million for years now, bringing welcome stability to schools and other institutions badly buffeted by the 1946-1964 baby boom. The stability is a special relief, as Mr. Robertson should know, because of the potential for a re-boom, with so many women now in their childbearing years.

Worst of all, Mr. Robertson's proposition is tin-hearted. Why should people want to have a baby? Because they want to nurture and to lavish love on a child; to hand on wisdom or wealth; to perpetuate a family line. There are many wonderful reasons. To produce more future taxpayers who can cover this generation's Social Security costs is, however, not one of them.

America is built on the sweat and ambition of parents who, by sacrificing for their children, paid for the future. Perversely, Pat Robertson would have them breed babies who can pay for the past.

—THE NEW YORK TIMES

## Other Comment

### The Camps Are Talking

For the first time in the budget impasse, the two camps are talking, and the rhetoric has cooled. That is a powerful signal to send to Wall Street and the rest of the world. If a compromise deal is reached, that is a signal to reducing spending arbitrarily through some mathematical formula. In his 1988 budget, President Reagan proposed \$22 billion in new revenues, so he may go along with a compromise that includes revenue-raising measures such as asset sales and higher user fees. He isn't ready to accept higher income tax rates, nor should he be.

—THE CHICAGO TRIBUNE

It is time for our leaders to accept the fact that we are living on a false economy, loaded with debt and oiled by money from abroad. Only by paying our way in the world will we restore confidence in the economy.

—THE KEENE (New Hampshire) Sentinel

The process by which Washington is to frame a response to the ringing messages of the financial markets worldwide was always likely to be protracted, painful and, above all, political. It is not helped by the undeni-

able fact that, at a critical juncture, nobody seems to be in charge. The only charitable description of President Reagan's performance over the last week is that it has amply demonstrated his known limitations. Once the beneficiary of favorable circumstances, he appears to lack the capacity to handle adversity. There is, sadly, a fundamental inability at the top to grasp complex issues, not seen at a presidential level since Herbert Hoover. Historical comparisons with previously incapacitated chief executives like Woodrow Wilson may now seem relevant.

—THE FINANCIAL TIMES (London)

### A Gulf Duty for Beijing

Sooner or later we may have to undertake missions that produce substantial Iranian and possibly American body counts—or we can try to dry up Iran's supply of oil. The source: China. Now is the time to press Beijing for a show of good faith. The satellite pictures have forced us to take action but we could quickly rescind it if China, as a permanent member of the United Nations Security Council, would support our initiative to shut off Iran's access to imported weaponry.

—THE ATLANTA CONSTITUTION

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## OPINION

# A Shower for Shultz, Then a Speech for the Comrades

By Jim Hoagland

BUDAPEST — You could get whiplash from trying to follow each twist and turn of Soviet-American relations these days. But in the fog of peacemaking, a few signposts do point toward what lies ahead.

One certainty is that nuclear disarmament is not about to break out. Those who talk about the INF treaty that is now within easy reach leading to a demilitarized Europe sound like Sam Walton declining to pick up the luncheon tab because it would start a process that would bankrupt him.

While negotiating the final details in the INF treaty, Washington and Moscow have also been engaged in intensive studies of new nuclear weapons to deploy once the treaty takes effect. These additional systems will cover the targets that are now due to be hit by the U.S. Pershing-2 and ground-launched cruise missiles and the Soviet SS-20s and the shorter-range systems to be eliminated by the treaty. It is a process the experts call "compensation."

One clear sign to emerge from last week's meeting between Secretary of State George Shultz and General Secretary Mikhail Gorbachev is that the Russians are gearing up to make compensation their next major arms control issue in Europe.

Whether by design or otherwise, the delay that Mr. Gorbachev engineered by sending Mr. Shultz home empty-handed before suddenly

reversing field again enables him to pocket the U.S. concessions made in Moscow—primarily the capturing of Pershing-1A warheads in a treaty protocol—and come back for some kind of commitment on limits on compensation before the INF treaty is wrapped up.

Speaking at an East-West media conference in Budapest last weekend, Vladimir Lomelko, a Soviet foreign policy spokesman, gave what I took as a clear hint of this new emphasis in the Soviet negotiating position. Asked about the cold shower for Mr. Shultz, he said Mr. Gorbachev strongly opposes "attempts in NATO to introduce new air-launched cruise rockets as a substitute for the ground-based systems that the treaty will eliminate."

Moreover, as part of his response to Mr. Shultz in Moscow, Mr. Gorbachev made the first specific Soviet proposal for limits on air-launched cruise missiles (ALCMs), which form a significant part of the NATO compensation package under discussion in Brussels and other allied capitals.

Limits on ALCMs (phonetically, *al-kims*) are handled in the Strategic Arms Reduction Talks, not in the Euro-missile basket. But by seeking commitments now, Mr. Gorbachev clearly hopes to tie such limits to the Euro-missile package that the White House wants.

The Soviets can now count on the anxiety that the withdrawal of the Pershing-2 and ground-based cruise missiles is stirring among West German policy makers to help them in arguing that no new U.S. missiles should be deployed on German territory. Even hawkish figures like Defense Minister Manfred Wörner doubt that a quick decision can be obtained for a new deployment of improved short-range Lance missiles to help fill the gap that he perceives the INF treaty will create.

The little noticed U.S. concessions during the Shultz visit on the Pershing-1A will also encourage the Russians to concentrate on blocking compensatory forces. The Soviets will obtain written guarantees on the dismantling of the Pershing-1As in the context of the treaty, a result they have demanded since last summer. To maintain the fiction that the treaty does not disturb allied agreements, Bonn will end the existing cooperation agreement unilaterally two weeks before the three-year dismantling period for the other missiles comes to an end, meeting the Soviet demand that warheads be removed within the same treaty period as the Soviet and U.S. missiles. It is a fiction that will do little to assuage the concerns of the European countries troubled by this issue.

East Europeans at the Budapest conference

or on its edges spent little time analyzing such hardware questions but focused on something far more urgent to them: Mr. Gorbachev's grip on power after three months of unsettling developments, such as his 50-day disappearance from view while "on vacation," the attacks on glasnost by other Politburo members while he was away, and now the sudden reversals on arms control.

These are telltale signs of divergences within the Soviet leadership. For some of the Europeans here who live in the grasp of the Soviet bear, Mr. Gorbachev's success in dumping Gerdar Aliyev from the Politburo two days before Mr. Shultz arrived bore the marks of a trade-off with Kremlin partners who may have wanted to slow down the rush to a summit.

So Mr. Gorbachev's Nov. 2 speech starting the celebration of the 70th anniversary of the Bolshevik revolution takes on an importance far beyond its role as an equivalent of the State of the Union address of an American president. East Europeans will scrutinize it for signs of a struggle over Mr. Gorbachev's domestic programs of economic renewal and political change, and over the reduction of international tensions that he says must underpin those programs. The Soviet leader may well have preferred to finesse the Euro-missile accord for a week or two to allow him to get past Nov. 2.

The Washington Post

## An Oil Import Fee Would Serve Several Purposes

By William Safire

WASHINGTON — Here is a bold action that the president and Congress could take to end financial handwringing and lay the basis for sustained growth throughout the world: Impose a \$10 a barrel fee on all oil imported into the United States.

America's rate of importation is rising alarmingly. It now stands at 6 million barrels a day, 43 percent of the oil it uses. A \$10 import fee would slash the budget deficit by \$23 billion a year, which just happens to be the amount required for cutting this year by Gramm-Rudman. Couple the revenue increase obtained from OPEC friends with 2-for-1 spending cuts, and you have serious deficit reduction.

With the import fee raising the price of imported oil to \$28, Americans would be conserving energy, using less oil from overseas, reducing the new source of revenue. Some of those fees would be made up through a windfall tax on domestic producers, who would take advantage of the \$10 differential. But the domestic oil industry would be pulled out of the doldrums; half its rigs are now idle, and the Southwest is in recession.

The window of profit opened by the fee would stimulate new exploration by American companies, which

now replace only half of current production, helping the United States approach a national security goal of "energy independence."

The end of its Middle Eastern oil dependency would reduce America's trade imbalance by a third. That is how much imported oil now contributes to red ink and weakens the dollar.

Are the twin benefits of reducing the budget and trade deficits not persuasive enough? Then consider the world impact: An oil import fee, stimulating exploration and production in America, increases supply while reducing demand; that means downward pressure on the price of oil worldwide. Third World nations could breathe easier; prices everywhere would rise more slowly.

A final argument: The oil import fee would be a severe blow to Iran, far more effective than the military take-out of its oil wells and refineries. By pushing down the world price of oil, America would make it much harder for the ayatollah to support aggression in the Gulf and his dream of Shiite dominance.

Thus, although oil sheikhs are too hidebound to see it, an import fee in

America, with subsequent drops in prices worldwide, would help the Saudis and Kuwaitis and Iraqis defeat the Persian threat. The Arab oil states would lose their economic dominance but ensure their national existence. Indeed, America could label its new policy the "Free-Navigation Charge"—a user fee paid by the oil-producing states in the Gulf for the cost of long-term American protection.

Who is against this? President Reagan's Department of Energy, headed by his former political patronage chief, opined that such a tariff would be inflationary. But oil cost \$28 in 1985, a non-inflationary year, and increased oil production in the future means less inflation. A recent study, "Energy Security Revisited" (Harvard-based and industry-sponsored but, even so, perceived), makes hash out of the DOE's complacent parochialism.

Wouldn't this be a tariff, and aren't all good Republicans against protectionism? Answer: Tariff barriers to free trade are bad, but tariffs that break international cartels and strengthen world market pricing are good and necessary.

In 1929, the Hoover administra-

tion responded to the crash with a plan to raise taxes and balance the budget. Incredibly, that is what many of today's Democrats seem to be demanding. At the president's long-delayed news conference, the tone of the questioning was "Nyah-nyah, you're gonna hafta break your promise and raise taxes," as if the only policy that would show seriousness was self-flagellation into recession.

The president is right to press for budget cuts without new taxes. Now would be the worst time to deprive wage-earners and consumers of incentives to earn and buy; a consumer's gasoline tax, for example, would dampen the economy while generating no new gasoline production.

The oil import fee, or Free-Navigation Charge, is different from your usual we're-not-serious-unless-we-suffer tax. Yes, it would jack up the domestic price of oil once before lowering it over a long period. But the fee would attack the budget deficit without reducing consumer demand, and would attack the trade deficit without inviting a trade war.

And lowering the world price of oil would put a real crimp in Iran's ability to terrorize its neighbors. Let's do it.

The New York Times

## For a Big Program to Expand American Exports

By William Pfaff

PARIS — What the American and world economies need at this moment is the launch of an ambitious and dynamic American export expansion program, to reduce the U.S. trade deficit and dam the protectionist tide in Congress.

Announcement of a big plan to convince American companies to export, and to give them the means, advice and financing to do so, might even halt the market panic in its tracks, since it is the trade deficit which currently obsesses the markets.

It would be almost as welcome to the markets, at this moment, as an agreement in Washington to raise taxes and cut the budget—the latter being an agreement we are not likely to see, and one which, in view of its deflationary effects, the markets might not be so happy with in the longer term.

What is needed is constructive backing for the thousands of small and medium-sized companies across America which have good and competitive products that they never have tried to export, plus pressure on the big and complacent companies which export little to do a great deal more.

Everyone talks about keeping imports out of the United States. Protectionism is the mounting force. Nobody in this administration seems capable of declaring that it is up to Americans to do a better job at what they certainly know how to do, which is to produce and sell quality goods, and to concentrate on selling them in foreign markets.

The Reagan administration, and the Democratic

Congress as well, try to bully West Germans and Japanese into cutting their exports to the United States and changing their national economic policies to suit it. Since when have Americans lost the capacity to look after themselves?

There are plenty of innovative producers who could export competitively, if someone showed them how to cope with the paperwork and foreign regulations, find agents abroad and get help on marketing and advertising in foreign markets, and obtain the export finance they need.

An Export Advancement Agency, possibly a cooperative effort of government and trade groups, with offices across the country, together with enlarged commercial sections in U.S. embassies abroad and expanded cooperation with American chambers of commerce overseas, is the obvious way to go about it. It is not hard to think of things to do that would produce results. It is not simple to sell goods in another country, but there also is no mystery about how to go about it.

Alas, there is not much hope that this will happen. There is not much hope that anything serious at all is going to be done to remedy America's trade deficit, or the budget deficit, either, so long as Ronald Reagan is president.

Mr. Reagan is an elderly and obstinate man who

has made a brilliantly successful political career on the basis of a limited number of oversimplified but politically appealing ideas about the economic virtues of low taxes, reduced government spending and—God help us!—balanced budgets. He is not going to change now. He obviously is completely bewildered by what has happened in the last two weeks, and can only believe that Congress and foreign governments are at fault.

And of course Congress has been at fault. Congressmen and senators are obstinate, too. But Congress does not initiate national policy.

Mr. Reagan does not grasp the dimensions of the present crisis, and it is quite impossible for him to acknowledge the damage his policies have done to the country and to the world economy. Few men his age would be capable of doing so, or of confronting the dramatic changes and the innovations now demanded. This means another 15 months of stalemate, sterile controversy and inaction.

We are in for bad times everywhere so long as the double deficit in the United States is not seriously confronted and economic growth there is not put back on a sound basis. When will that be? Not until a new president is in office in January 1989. One hopes that problems then will be intelligently addressed, in consultation and cooperation with Western Europe and Japan.

Meanwhile, the stock market is taken over by the big securities companies. With their vast resources, they have refined the art of stock price manipulation to a level which can compete with zen, ikibana and baiku for world adoration. They also work to block reforms, such as a capital gains tax.

Thanks to all these efforts, in 18 months the total value of shares and land in Japan has risen by a staggering 350 trillion yen (\$2.2 trillion). This equals the entire annual GNP, and was clearly a major factor helping pull Japan out of the recession that hit its export industries in the wake of the recent sharp appreciation of the yen.

The orthodox view says that since Japan's economy is much sounder than that of the United States or Western Europe there is no reason for a crash. Others cling to the belief that, as in the past, Japan's uniqueness will guarantee a kamikaze of some sort to save the nation. Japan's emotional speculators do not give up easily.

## 100, 75 AND 50 YEARS AGO

### 1887: Plot in Bulgaria

SOFIA — The Bulgarian authorities are making active inquiries regarding the alleged plot to assassinate Prince Ferdinand. The individual arrested at Varna on a charge of being implicated in the conspiracy is a Montenegro. In his examination before the magistrate he declared that he had been sent by the Slav Committee at Odessa to organize an attempt on the lives of the Prince and his two ministers, for which he was to receive from the committee the sum of 5,000 napoleons, and was further promised an important post in Russia.

### 1912: A Merry Old Ride

LONDON — The story of a jockey's ride through Epsom was told at the Petty Sessions (on Oct. 28), when Frank Morgan, a steeplechase rider, was fined 20s. and costs. Police Constable Turner stated that when he saw the defendant he was swaying about on his horse. As he came toward the

witness, Mr. Morgan shouted: "Tally ho! Catch me if you can!" In turning the horse round, the defendant knocked the witness into a hedge. He then charged back to Epsom.

### 1937: The System Failed

NEW YORK — [Dorothy Thompson writes:] Whatever the unprecedented stock market break proves or does not prove, one fact stands out. There is a complete breakdown of the United States government regulatory system which we have been asked to preserve existed, and which was to save us from just this sort of thing. A deflationary course has started which, if it continues, can snowball. That course was actually started by the government, presumably as a move to check too rapid expansion. Now there is paralysis. Private forces which might act do not do so. Neither does the government. It is as though the government had put a padlock on the national economy and thrown away the key.

## The View From the Shops of Richmond

THE British and other Europeans are weary of Americans constantly blaming other nations for the chronic U.S. trade deficit. That gap between income and expenditure is now seen as the worm eating at the heart of American strength and world leadership.

In the affluent suburbs of London, the U.S. deficit is painfully evident. This week I called at some of the major stores near my home in Richmond upon Thames. I found goods piled high from France, Italy, West Germany, Spain, China, South Korea, Taiwan and, of course, Japan. Apart from a few cans of pineapple juice, I found nothing from the United States. When investors on Wall Street hurl themselves into a frenzy of selling, they are, in effect, simply reacting to the failure of American industry to compete as it used to compete.

Andrew Alexander, a strongly pro-American columnist, blames the U.S. government. "The federal deficit is perfectly curable by a modest tax rise or a modest cut in U.S. government spending," he writes. "Instead the Americans have tried to get foreign central banks to bail out the dollar—an attempt which failed in the past, is failing now and will fail in the future."

The British firm it hard to believe that the genius of U.S. economic growth has run out of steam. In the past five years they have invested \$600 billion in American industry—not out of charity, but from a hard-nosed calculation that American know-how and American workers are the best in the world. Whether American politicians are in the same league is another matter.

—Brian Dunning, a BBC editor, in the Hartford (Connecticut) Courant.









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## Putting Cuomo Gossip to Rest

An Article Tracks Down Rumors and Finds Them False

By Howard Kurtz  
Washington Post Service

NEW YORK — Rumors about Governor Mario M. Cuomo's supposed ties to organized crime have been circulating for months, and now, to Mr. Cuomo's relief, they are out in the open.

In the current issue of New York magazine, a veteran journalist, Nicholas Pileggi, details the rumors and pronounces the stories "misleading and false."

Mr. Pileggi writes that the stories have been "passed around by cops, media people and others in a kind of shadow network of gossip and loose talk."

Mr. Pileggi said most of the rumors had been spread by two people: a Long Island publicity man who worked for the Right to Life candidate in the 1986 gubernatorial campaign, and a conservative aide in the state legislature.

Mr. Cuomo and his aides said they were relieved that the rumors had been reported and knocked down. The governor called the ru-

mors "political garbage distributed by political garbage dealers" and said it was "a price I pay for being an Italian-American."

Mr. Cuomo raised the issue earlier this month when he called a reporter for The New York Times and said there seemed to be an organized campaign of rumors that he had decided not to run for president because of past misdeeds by his family. He would not elaborate on the rumors.

The story was amplified when Mr. Cuomo was asked on a televised CBS News interview program about "skeletons in his family closet." The rumors have also been pursued by several other news organizations, some of which, according to Mr. Pileggi, have hired private detectives.

In the magazine piece, Mr. Pileggi, who has covered organized crime since 1956, reported these rumors:

• That Mr. Cuomo's father-in-law, Charles Raffa, 83, was the victim of a mob beating that grew out of a dispute about arson.

Mr. Raffa, who owns several buildings and vacant lots in Brooklyn, was severely beaten in 1984 after he showed an empty supermarket in East New York to a potential buyer. The police did not catch the assailant, Mr. Pileggi said, but found no evidence of mob involvement or planned arson. Andrew Cuomo, the governor's son

and campaign manager, is quoted as dismissing suggestions of arson because the supermarket had no fire insurance.

• That Mr. Cuomo interfered with the police investigation of the beating and that an arrest of Mr. Raffa for arson was caused from state computers.

Mr. Cuomo was in Albany on the day of the attack, Mr. Pileggi said, and the state police have a computer record of a 1973 arrest of Mr. Raffa, but on a misdemeanor charge of offering an illegal gratuity. The charge was later dismissed.

• That Mr. Cuomo once represented organized-crime figures as a lawyer in the New York City borough of Queens.

Mr. Pileggi found only that Mr. Cuomo once represented an association of about 15 junkyards, one of which was partly owned by Joseph Larato, a member of an organized-crime family. Mr. Cuomo was quoted as saying that he never represented Mr. Larato personally and that he "got stiffed on the fee."

• That a mobster gave Mr. Cuomo \$30,000 in political donations.

At a 1984 fund-raiser, Mr. Cuomo's campaign received a \$1,000 check from each of five firms that investigators have identified as paper companies set up to avoid paying gasoline taxes. The campaign gave the money to charity after this was discovered, according to Andrew Cuomo.



Governor Mario M. Cuomo, who has been the subject of rumors that are now public.

• That Mr. Cuomo's former law firm passed money to a mobster later acquitted of murdering a detective in Queens. Mr. Pileggi found no evidence of this.

Gary Fryer, Mr. Cuomo's press secretary, said Tuesday that "the most dangerous part of the whole thing is it was anonymous."

"What really incensed Cuomo was the idea that if you really want to go after an Italian-American, all

## U.S. Plan To Revamp MX Is Said Not to Work

By R. Jeffrey Smith  
Washington Post Service

WASHINGTON — An effort by the U.S. Air Force to revamp its force of MX nuclear missiles is not working, Representative Les Aspin, chairman of the House Armed Services Committee, has asserted.

The Wisconsin Democrat raised the possibility that new missiles would be deployed without the guidance systems they would need to hit Soviet targets.

More than a third of the 28 MX missiles deployed in silos in Wyoming lack guidance systems as a result of production delays by a key contractor, the Northrop Corp. The company promised in August to produce six new guidance systems per month, Mr. Aspin said, but new production and testing problems have cut this in half.

"Obviously, if these problems persist, there is serious question as to whether the schedule will ever get back on track," he said. "This means we face the prospect of continuing deployment of MXs without guidance systems that may not perform as required."

President Ronald Reagan has called the \$19 billion MX intercontinental ballistic missile the centerpiece of his nuclear weapons modernization program. The air force has described the missile's accuracy as its most vital characteristic.

Earlier this year, however, the air force suspended MX flight tests because of what Brigadier General Charles A. May Jr., the air force's deputy director for advanced programs, said were growing concerns about the missile's accuracy.

In August, the Justice Department sued Northrop to recover some of the costs of testing the MX guidance system; the air force has continued to withhold some of its payments to the company for MX work.

Mr. Aspin also said a major air force review of Northrop's management of the program, scheduled this month, had recently been postponed until 1988 because "simply stated, the contractor cannot pass the audit."

## UN Warns of Insolvency if U.S. Doesn't Pay Dues

By Paul Lewis  
New York Times Service

UNITED NATIONS, New York — Secretary-General Javier Pérez de Cuellar has written to President Ronald Reagan warning that the United Nations faces insolvency in a few weeks if the United States does not pay a substantial portion of its annual contribution by then, according to UN officials.

The secretary-general's letter was delivered Monday to Vernon A. Walters, the chief U.S. delegate to the United Nations, who said he would try to deliver it to Mr. Reagan.

The letter implores the president

to press Congress to ensure full and prompt payment of the \$212 million American share of the organization's budget this year.

The officials said the United Nations would be unable to make salary payments in December to its New York headquarters staff of roughly 6,500 people unless additional funds could be found. If the United States does not come up with a contribution, some UN officials say they may ask other countries for additional voluntary payments to fill the gap.

Of its \$212 million assessment toward the UN headquarters budget of nearly \$800 million, Wash-

ington has paid only \$7 million. In addition, the United States owes \$147 million from last year for the general budget and \$61 million to support Middle East peacekeeping forces.

By contrast, the Soviet Union, after treating the United Nations with suspicion for decades, is now presenting itself as a firm supporter of the world body, and it recently agreed to pay off all its budgetary arrears.

The withholding of American funds originally amounted to a lever to win approval of changes in the organization's administrative practices. The measures were in-

tended to streamline the UN budget and give big contributors more say over how their money is spent. In return, the Reagan administration promised to restore its full share of financing.

But now that it is failing to do so, many Third World countries argue that the agreement on administrative changes is no longer valid.

Some of these countries, diplomats say, also are considering taking the International Court of Justice in The Hague for a ruling that the United States is in breach of its obligation to the United Nations.

UN officials are becoming increasingly gloomy about prospects for U.S. congressional action. With

the stock market upheaval increasing the pressure to cut the federal budget deficit quickly, these officials are lowering their forecasts of what the United Nations might eventually receive.

Last month the Senate appropriated \$141.7 million and the House of Representatives \$97.5 million for the organization's headquarters in New York.

But since then, additional budgetary pressures have further compressed the appropriations, which are still in committee. The Senate appropriation has dropped to \$120 million, and the House figure to \$60 million, according to congressional staff members.

## U.K. Puts Pressure on Reagan to Raise Taxes and Cut Deficit

By Howell Raines  
New York Times Service

LONDON — Prime Minister Margaret Thatcher has put her government squarely behind international demands that President Ronald Reagan reduce the U.S.

budget deficit even if it means raising taxes.

The chancellor of the Exchequer, Nigel Lawson, has publicly pledged to "keep up the pressure on the United States" to take these steps. Other British government of-

ficials say that Mrs. Thatcher now believes that the time has come for Mr. Reagan to swallow his ideological objections to tax increases.

"We've not generally prescribed the way in which it should be done," one official said Wednes-

day, explaining Mrs. Thatcher's belief that the U.S. deficit was a key element in the international economic crisis. "That might be described as being presumptuous, but one obvious way is tax increases."

The official said Mrs. Thatcher had made her point about the need for tax increases to Mr. Reagan in a "tangential way" by pointing out that when she faced a rising deficit early in her term, she raised some taxes temporarily. The projected British deficit for this year is a modest \$6.8 billion compared to \$170 billion in the United States.

Such urging from Mrs. Thatcher, generally viewed as Mr. Reagan's most important international ally on economic policy, is significant because it reflects the depth of European concern, and it also represents a longstanding division between Mrs. Thatcher and Mr. Reagan on supply-side economics. She has never believed in the Laffer Curve theory that lowering taxes increases revenues.

The increasingly public campaign by Mrs. Thatcher and Mr. Lawson also reflects the degree to which the London stock exchanges are linked to economic conditions in the United States. Experts said Mrs. Thatcher was eager for some

stabilizing moves from Washington between now and Friday, when she must decide whether to go ahead with a \$12.2 billion offering of British Petroleum stock.

Mr. Lawson, who has curbed Britain's deficit while bringing the base income tax rate down from 33 percent to 27 percent, has been the point man for Mrs. Thatcher. He first called on the Reagan administration to increase taxes last week, and he said Tuesday that he had been in touch by telephone with Treasury Secretary James A. Baker 3d.

Reporting his contact with Mr. Baker to the House of Commons, Mr. Lawson said: "I think it is very important that we continue to keep up the pressure on the United States. The president has made statements showing a lesser degree of unwillingness to raise taxes than has ever been the case before."

Mr. Lawson added that there was "general agreement" in Parliament that Mr. Reagan needed to increase taxes and decrease public expenditure as quickly as possible. The chancellor has also called on Japan and West Germany to reduce their trade surpluses and criticized West Germany for monetary policy "that is really rather too

tight." But the massive fiscal and trade deficits, and their implications for the world economy and the London financial markets, have been the main focus of his concern.

Because of the linkage between the London and New York markets, British officials believe that Mr. Reagan must do more than simply authorize his advisers to meet with congressional leaders, said Deanne Julius, director of economics at the Royal Institute of International Affairs.

"There are a number of things the president could do immediately, such as imposing a crude oil tax or other immediate revenue measure," she said, adding that Mrs. Thatcher and Mr. Lawson would welcome such a swift "symbolic" move.

The prime minister's advice to Mr. Reagan has a slight 1-to-10-yet flavor. Officials noted that she had been warning Mr. Reagan about the deficit for several years. Mrs. Thatcher told aides Tuesday that she was prepared to quote a 1983 speech in which she told the House of Commons that she would not follow the Reagan administration's example in deficit financing because it "will cause great trouble."

## A Tree-House Hero's Rise and Fall

By Dirk Johnson  
New York Times Service

ST. LOUIS PARK, Minnesota — Once, Mark Tucker was just another insurance salesman living in this western Minneapolis suburb.

And then came the tree house controversy.

Mr. Tucker fought city hall, stood up for the rights of the "little guy" and affirmed the love and commitment between father and son. It was all so inspiring that television crews from New York to Tokyo came here to document the story of a man portrayed as a folk hero.

This fame came to Mr. Tucker, 38, after he built a tree house in his yard. Years ago, he said, he had promised his son, Ross, that he would build him that tree house. When Ross was 16, and left home after a quarrel, Mr. Tucker recalled the vow he had failed to keep.

"I felt real guilty," he said. "It became an obsession." So early in 1986 he temporarily put aside his job as an insurance salesman. He worked full time for months to build an elaborate, seven-tiered structure around an ancient maple tree, and he named it Ross's Lookout. The son, touched by the effort, returned home.

But the hearts of city building inspectors were not warmed. They said that the tree house was a danger to neighborhood children who played in it and that it did not conform to the municipal building code. They threatened to have it demolished.

Mr. Tucker mounted a series of legal challenges against the authorities, and neighbors rose to his defense. Townspeople circulated a petition and 1,700 people signed it.

A party was thrown in the tree house to build a legal defense fund.

Once, Mark Tucker was just another folk hero living in this western Minneapolis suburb.

And then came the apartment house controversy.

Some of the tenants living in Mr. Tucker's seven Minneapolis apartment buildings declared that the tree house probably was more habitable than his buildings.

"That lousy, no-good" man "is

Of his jail sentence for renting condemned apartments, Tucker said, "They didn't like it that I was the good guy."

no hero," said Michelle Wyatt, a tenant who, along with her six children, was forced to leave her apartment after inspectors had deemed it unlivable.

"He's one of the worst slumlords in the city," said Richard Parker, the head of the North Side Residence Redevelopment Council, a housing rehabilitation group. "He's got mice, rats, vermin running all over these places where little kids

Indeed, Mr. Tucker has been convicted of housing code violations 14 times since 1983. And in early October, Judge Steven Lange of the Hennepin County district

court sentenced him to 10 days in jail for a number of infractions, including the rental of apartments to tenants after the buildings had been condemned.

Mr. Tucker, who is scheduled to serve his jail time in November, insists that his apartment buildings are not in such bad shape. "Mice? He said, 'Roaches? Who doesn't have them?'"

He believes the favorable publicity resulting from the tree house crusade led to the housing charges. City officials deny this.

"Somebody didn't like to see everybody rallying behind me," he said. "They didn't like it that I was the good guy."

For now, the city has posted a "stop work" notice on the tree house, effective until Mr. Tucker can get a structural engineer to attest to its safety.

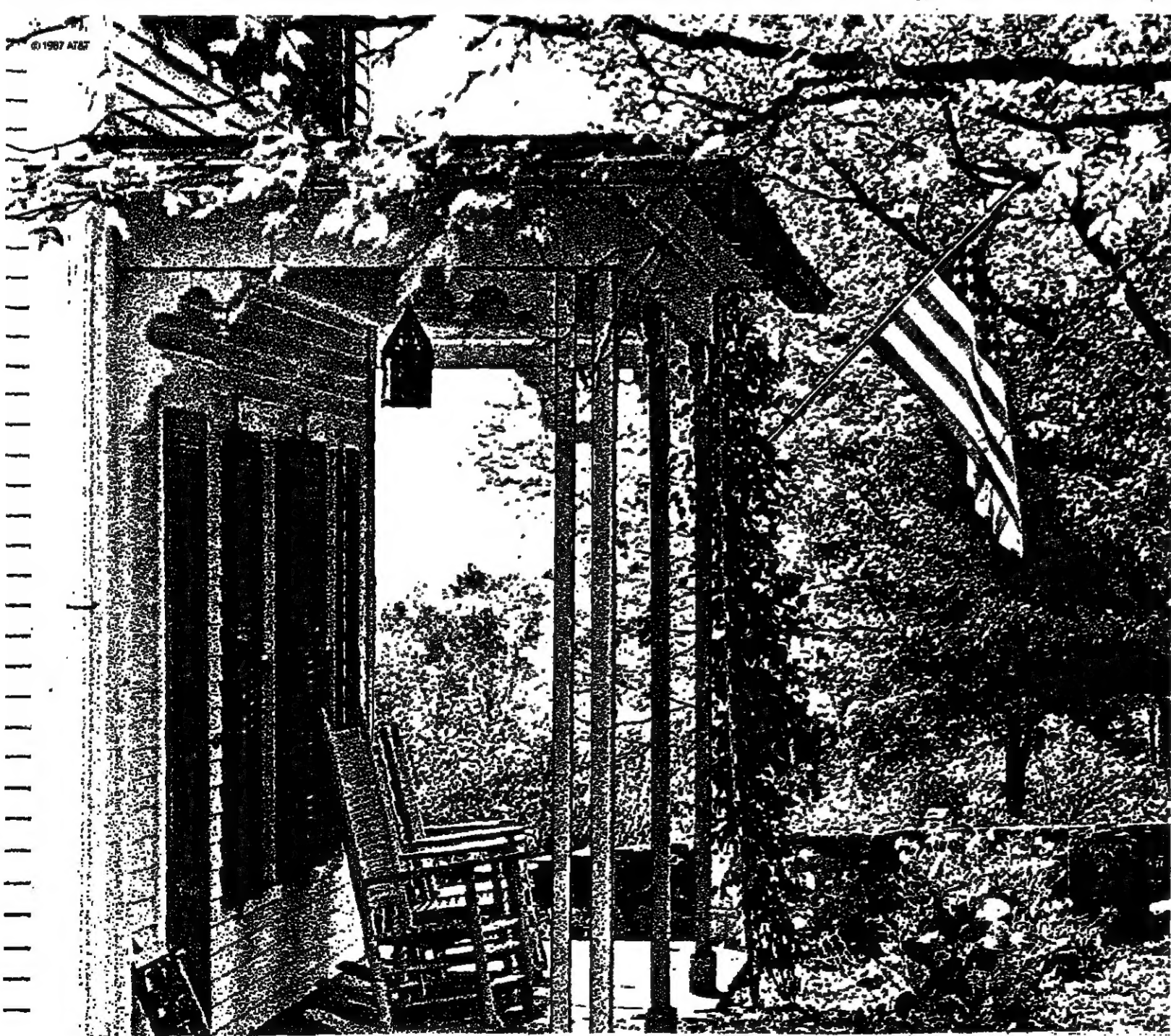
He contends that no other tree houses in St. Louis Park have been put to that test. And as for its structural stability, he notes, about 80 people stood in the tree house at one time during the fund-raising party, and it did not collapse.

Mr. Tucker says he believes this is a fight he will win.

"I think there might even be a cotton-picking movie in all this," he said.

Meanwhile, local news organizations have become somewhat skeptical of Mr. Tucker, after what some see as excessive early coverage. The Twin Cities Reader, an alternative newspaper, asserted that reporters were initially taken in by him, that they couldn't "see the forest for the trees."

"If the media was fooled by Tucker," the newspaper asked, "how often are we getting lost in the woods?"



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## Nearing Deadline, Ministers Meet on Central American Pact

By Julia Preston  
Washington Post Service

SAN JOSE, Costa Rica — With little more than a week until the deadline of the Central American peace pact, the foreign ministers of the five nations that signed the accord have begun meeting again as each country scrambled to impose its own interpretations of the complex pact.

A consensus prevailed Tuesday that the peace process was still lumbering forward. The accord, based on a proposal by President Oscar Arias Sánchez of Costa Rica, was signed Aug. 7 in Guatemala and is to take effect Nov. 5.

"Something has changed in Central America," Foreign Minister Rodrigo Madrigal Nieto of Costa Rica, said Tuesday, speaking of the effect of the accord. "A refreshing spirit of dialogue prevails."

In an apparent reference to the Reagan administration, which has criticized the accord as too easy on Nicaragua, he called the ministers' meeting that began Tuesday "a firm refutation" of "adverse" views on the pact.

He also chastised his fellow ministers for dragging their feet and warned them not to settle for "a halfway compliance that covers only superficially the letter of the agreement."

[The Reagan administration, beset by pressures from leaders in Central America and in the U.S. Congress, is said by administration sources to be considering holding off until January before seeking a vote on \$270 million in additional aid to the Nicaraguan rebels, known as contras. The Associated Press reported from Washington.]

[Secretary of State George P. Shultz said earlier this month the administration was planning to ask Congress for a vote sometime in November. However, on Tuesday, several officials said that the administration is having second thoughts about a November vote, for a variety of reasons.]

On the sidelines, several political leaders of the Nicaraguan rebels tried to stage a dramatic return from San José to Managua, according to one of them, Alfonso Robelo Callejas, the head of the Honduras-based Nicaraguan Democratic Force.

However, Nicaragua ordered airlines not to allow them to fly in.

The ministers of Costa Rica, El Salvador, Guatemala, Honduras and Nicaragua hope to outline an order of events by which all five nations will begin to honor clauses calling for cease-fires, a broad amnesty for rebel fighters, peace dialogues between governments and opposition groups and an end to foreign aid to rebel armies.

Points of disagreement remained. Foreign Minister Miguel d'Escoto Brockmann of Nicaragua dismissed reports that his government might be moving closer to indirect talks with the contras through the mediation of Cardinal Miguel Obando y Bravo, the Roman Catholic primate of Nicaragua.

The pact does not require any government to meet with armed rebels, but Mr. Arias has called for such talks. Father D'Escoto said that if any contacts were made between his government and the contras, they should not be aired publicly. He added, "When the United States stops financing the contras, then there will be a negotiated cease-fire."

Foreign Minister Alfonso Cabrera Hildago of Gu-

atemala said there was no need for a negotiated cease-fire in his country because there was no war.

A Honduran delegate said his government planned no measures to urge guerrillas remaining on Honduran soil to move into Nicaragua, as the pact stipulates. He said that the publication of the text of the accords in Honduras was pressure enough on the contras.

### Killing Threatens Talks

Rebels fighting the government of El Salvador threatened Tuesday to break off peace talks because of the killing of one of the country's most outspoken human rights crusaders. The New York Times reported from San Salvador.

Western diplomats said the killing of Herbert Anaya Sanabria, the head of the nongovernmental Commission on Human Rights in El Salvador, appeared to be an attempt to silence the left and sabotage the peace accord.

It inflamed passions as the National Assembly began debate Tuesday on an amnesty proposed by President José Napoleón Duarte under the terms of the accord.

## Socialists In Spain Suffer Split Over Budget

By Paul Delaney  
New York Times Service

MADRID — Facing strong union dissent and increasing pressure, Spain's governing Socialists are defending their budget proposals as necessary for continued economic growth.

Union leaders have protested what they consider inadequate wage and benefits proposals in the package and have scheduled a series of demonstrations beginning Thursday. The Socialists were shaken by the resignation from the Cortes, the parliament, last week of the head of the largest union.

Coupled with demonstrations against the renewal of a military pact with the United States and the possibility of campus unrest, there is concern that the country may see a resumption of the widespread protests and strikes, some of them violent, that rocked Spain for much of the first half of the year. After the unrest, the Socialists suffered serious setbacks in regional and municipal elections in June.

Political experts say the government cannot allow the country to go through another period of wrenching protests without the Socialists suffering further damage.

The more serious problem for the government is the rift with its longtime labor ally, the General Union of Workers, and the resignation from parliament of Nicolás Redondo Urbieto, the union's general secretary. Mr. Redondo, 60, was once considered a possible leader of the Socialist Party.

"The parting of ways came in a dispute over government proposals to limit wage and benefits increases in order to fight inflation. Contract talks have been going on for several weeks, with the two sides far apart. The government has proposed salary increases of 4 percent; the union wants 5.5 percent, with more money for retired people and the unemployed. Rather than line up with fellow Socialists, who have an overwhelming majority, and vote on the budget, Mr. Redondo and an aide gave up their seats."

The Socialist union has joined with its Communist counterpart, the Workers' Commissions, the second largest trade union, in calling the protests. Although the Socialist union generally keeps its more leftist colleagues at some distance, the two groups separately spearheaded the earlier strikes and protests. The joint demonstrations would be the first held by the two sides on a national level since 1985.

Some officials were upset by the dispute with Mr. Redondo. Interior Minister José Barrionuevo Peña termed it "bad news." Enrique Miquel, a party leader, said the resignation should never have been allowed to occur.

Luis Garrido Medina, professor of sociology at Complutense University, said a break was a must for the union because, with the approach of elections in which workers select their union representation, it was important not to be too closely associated with the government.

Regarding the bases, negotiations were to resume this week, but both sides agreed to postpone the session until Nov. 5 and 6. Organizers have planned demonstrations in several cities leading up to Nov. 13, when Spain must formally say if it does not want the treaty extended beyond next May.

The main object of the protests is Torreón Air Base, just outside Madrid, and a wing of F-16 fighter jets based there. Participants in a demonstration held Sunday included a few Socialist Party officials, among them the mayor of Madrid, Juan Baranco, and Joaquín Leguina, head of the Madrid regional government.



CHILEAN JOURNALISTS PROTEST — In Santiago, journalists brandished signs that read "End Censorship" as they demonstrated against restrictions placed on the press by the military government of Augusto Pinochet.

## Uganda Leader Vows to Crush Insurgents

Reuters

ENTEBBE, Uganda — President Yoweri Museveni of Uganda has ruled out peace talks with the rebel Holy Spirit Movement, saying his government's policy is to crush the insurgents.

"If you want to know my opinion about talking to rebels, it will be a disaster not to crush these fellows once and for all," he said at a news conference at Entebbe airport south of Kampala on Tuesday night on his return from a three-week trip abroad.

Mr. Museveni's National Resis-

tance Army is chasing the Holy Spirit Movement through the bush about 55 miles (89 kilometers) northeast of Kampala.

The rebel group's leader, Alice Lakwena, 27, and her 2,500 followers say she is a prophetess who receives messages from God through the Holy Spirit Lakwena and that God has given her a mission to overthrow Mr. Museveni.

The president dismissed Miss Lakwena as a nuisance with a psychiatric problem and predicted that his army would either kill her or capture her within a few weeks.

"It is not necessary to paper our

differences with these people," he said. "We must crush them and that is our line."

Since Mr. Museveni left for his trip to Canada, the United States, France, Algeria and Ghana, the Holy Spirit Movement has moved from the far east of Uganda to within a few miles of Jinja, the country's second largest city.

On its march, the movement has intermittently disrupted road and rail links between Kampala and the Indian Ocean. Those links carry the vast bulk of landlocked Uganda's exports and imports.

The last major engagement took place on Sunday, when government forces fought off a rebel assault on Magamaga barracks near Jinja and then counterattacked a rebel encampment to the north.

The government said that it killed more than 200 members of the Holy Spirit Movement in the two battles and that the rebels had dispersed into small groups.

The government newspaper New Vision said on Wednesday that fighting resumed on Tuesday about 17 miles northeast of Jinja, but gave no details.

## Ethiopia Rebels Warn of Raids on Food Convoys

By Blaine Harden  
Washington Post Service

NAIROBI — The Ethiopian rebel group that last Friday ambushed and burned a convoy of UN trucks carrying emergency food has threatened to attack other famine-relief convoys in the north of that country.

A spokesman for the Eritrean People's Liberation Front said that unless the rebels were informed in advance about the movement of UN convoys, they would assume that the trucks were being used as camouflage for military activities of the Ethiopian government.

"It is not the wish of the EPLF to deter relief activities, but if we are not informed of what is going to happen, we don't have any choice," said Tesfaye Ghermuzian, the Washington spokesman for the rebel group, on Tuesday. "We cannot be blamed for any consequences and casualties that might happen."

In the Ethiopian capital, Addis Ababa, a senior UN official replied that "it is out of the question" for the UN emergency operation to establish contact with the rebels.

"In Ethiopia, we don't have any contact with any organization other than the government, and we

certainly cannot start such contact," said David Morton, director in Ethiopia of the UN's World Food Program.

The face-off between the Eritrean rebels and the United Nations comes as Western donors are trying to send supplies of relief food into the northern Ethiopian regions of Tigre and Eritrea, where severe drought threatens at least one million people with starvation.

If large amounts of food do not reach the north by December, donors say large numbers of destitute people will migrate into famine shelters. It was in such shelters in 1984-85 that hundreds of thousands of people died.

The attack on Friday, in which rebels destroyed 23 long-haul trucks along with 450 tons of wheat that could have fed 45,000 people for a month, was an unexpected setback for relief officials.

"We have lost a lot because of this," Mr. Morton said. "We have lost time. We have lost food. And there is now uncertainty about whether any trucks can move freely in that part of the country."

Lack of transportation is the major obstacle to moving the 400,000

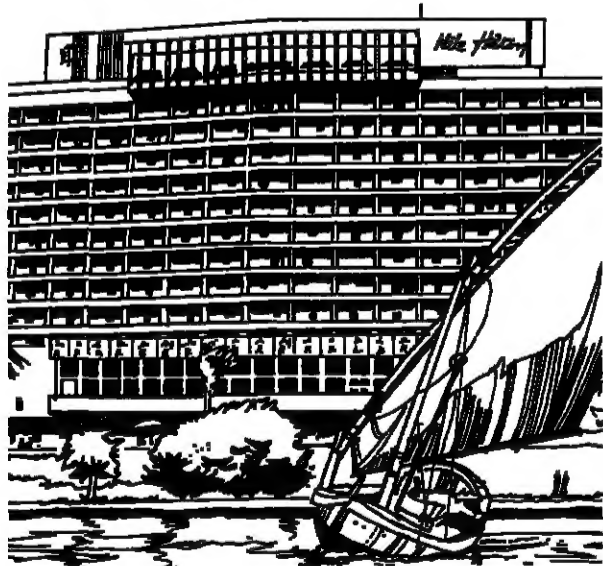
tons of food aid that donors say is needed to stave off famine in northern Ethiopia next year. The attack destroyed about 40 percent of the UN's long-haul vehicles in Eritrea and Tigre.

The U.S. Agency for Interna-

tional Development had been considering buying new trucks for northern Ethiopia. The attack, however, has "put everything on the back burner," according to Rick Machmer, the agency's director in Ethiopia.

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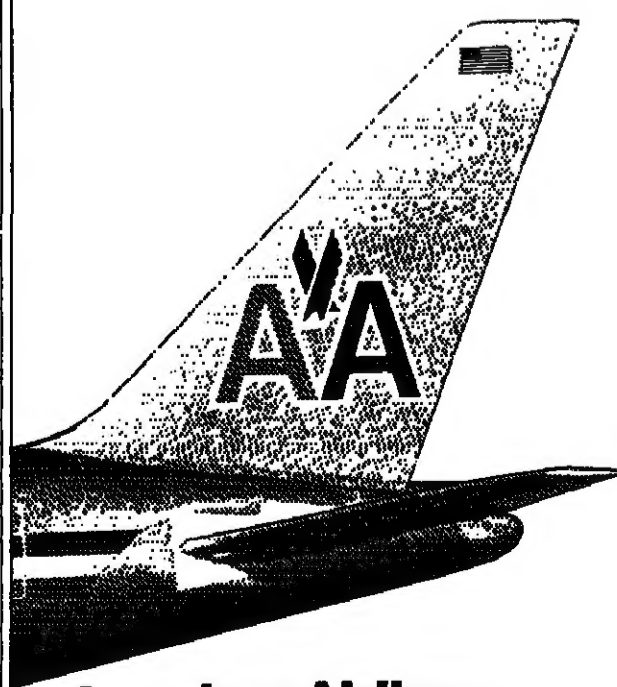
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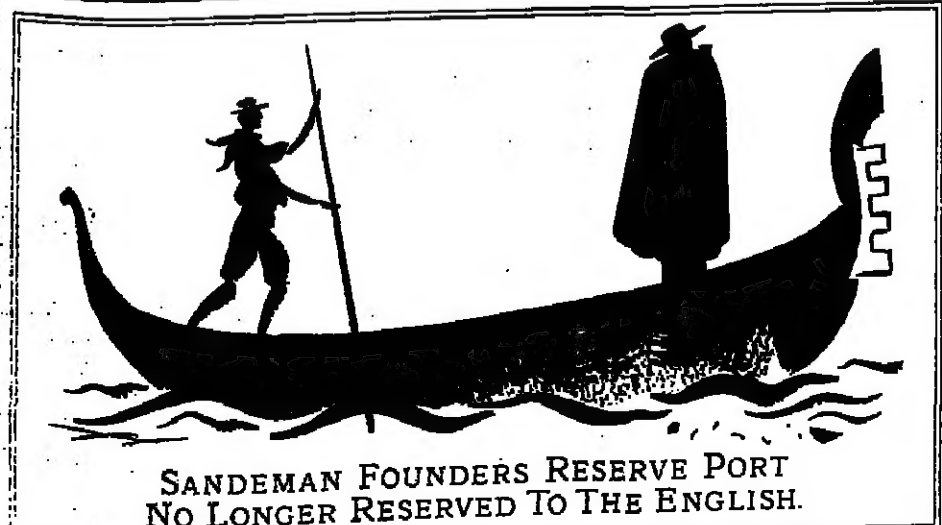
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## Malaysia Seizes 63, Closes 3 Papers as Racial Unrest Rises

By Michael Richardson  
International Herald Tribune

SINGAPORE — The Malaysian government banned on Wednesday all public rallies and closed three newspapers. The police continued to make arrests in a crackdown that officials said was aimed at defusing racial tension.

The arrests, under Malaysia's Internal Security Act, began Tuesday. By Wednesday 63 persons had been jailed, many of them politicians from government as well as opposition parties.

The actions followed weeks of rising racial tension between Malays and Chinese, the country's two major ethnic groups, who share power with the Indian minority.

The power-sharing system has come under strain in recent months. There have been a series of incidents between Malays and Chinese involving education, language and culture, all issues capable of stirring emotion in Malaysia. Some ethnic Chinese have accused the government of attempting to make Malay the dominant culture.

In a speech to Parliament, Prime Minister Mahatir bin Mohamad said that the ban on rallies would apply to a huge meeting planned Sunday in Kuala Lumpur by his party, the United Malays National Organization, known as UMNO.

Many people feared that the UMNO rally could spark race riots similar to those in 1969 that caused the deaths of more than 100 people in the Malaysian capital.

Political analysts said that some members of UMNO had asked Mr. Mahatir to take more extreme action, such as declaring a state of emergency, suspending Parliament and running the country through a handpicked council. But they said he had resisted this pressure, arguing that such measures were premature.

Mr. Mahatir, however, did not say when the ban on rallies or the revocation of the newspaper licenses would end. Nor did he say when those arrested would be freed.

Under the Internal Security Act, persons deemed to be a threat to national security can be arrested and held without formal charges and without trial for indefinite, renewable 60-day periods.

In an interview, Lee Lam Thye, deputy secretary-general of the Democratic Action Party, said that the prime minister had ordered the

arrests to discredit political opponents and justify his decision to halt the UMNO rally. The arrests apparently began late Tuesday with that of Lim Kit Siang, the party's secretary-general.

The Democratic Action Party is the main opposition party in Parliament. While espousing multiculturalism, it draws most of its support from Chinese.

Mr. Lee said that 12 members of the party were detained, including Mr. Lim, who is leader of the opposition in Parliament. Of the 12, 10 were members of Parliament or state assemblies, he added.

Mohamad Haniff Omar, the police inspector-general, denied that the arrests were politically motivated. He described race relations as "very tense," adding that if the situation was not contained, it could become "chaotic."

Ng Cheng Kiat, secretary general of the Malaysian Chinese Association, said his party supported efforts to calm the situation and maintain peace.

The Malaysian Chinese Association is the largest Chinese party in the ruling Malaysian coalition led by Mr. Mahatir. Five members were among those arrested, party officials said.

The ruling coalition has 13 parties, most of them representing different races. Just over 50 percent of Malaysia's 16 million population is Malay, about 33 percent Chinese and 10 percent Indian.

While most of the 63 politicians, civil rights activists, members of public interest groups and others detained on Tuesday and Wednesday were Chinese, the police said 14 were Malays, including three from the ruling party.

Many of the 63 were critics of the government.

Param Komaraswamy, chairman of the Bar Council of Malaysia, a lawyers' association, said in an interview that a number of the Chinese and Malays arrested had "been voicing extremist views."

Nonetheless, he said that the council opposed use of the Internal Security Act and was seeking release of all detainees.

Mr. Mahatir defended the arrests, alleging that those picked up had been questioning Malay rights or raised communal and religious problems.

The three newspapers ordered to stop publishing for security reasons were The Star, an English-language daily controlled by the Malaysian Chinese Association; Sin Chew Jit Poh, a Chinese-language daily; and Watan, a biweekly Malay-language paper.

Mr. Mahatir accused them of highlighting sensitive issues. "We are a developing country trying to improve our economy," he said. "If there is no stability, there will be chaos."



Lieutenant Colonel Victor Raphael, center, the U.S. military attaché accused by the Philippine press of meddling in a coup attempt, will be transferred, the U.S. Embassy said.

## ATTACKS: 3 Americans, Philippine Bystander Slain

(Continued from Page 1)

for military personnel to restrict their off-base travel to well-traveled roads.

The killings followed repeated warnings from the Communist New People's Army that they were prepared to escalate their 19-year insurgency by attacking American targets.

The most recent issue of Ang Bayan, the Communist Party's official newsletter, carries an unsigned statement in which the party threatens to attack U.S. military facilities and business interests.

Earlier this month, the northern Luzon chapter of the New People's Army held a clandestine press conference for a handful of reporters, and a rebel spokesman, Ruff Fierrez, said, "If there is another coup or martial law, we will hit the U.S. imperialists, all American personnel, military, diplomatic or what."

The killings outside the air base bore a striking resemblance to the recent spate of slayings in Manila by so-called "sparrow units," or urban assassination squads of the New People's Army.

One of the victims, identified by the Philippine police as Randy A. Davis, 30, of the air force, was walking on a road to a restaurant in Dau, Pampanga Province, when three men opened fire on him at close range.

Killings by the urban assassination squads have generally followed the same pattern, with a group of three men or women approaching their victim on a public street, opening fire suddenly and at close range with concealed hand-

guns, and then fleeing aboard jeeps.

If the Communists are linked to the slayings, it could mark a new escalation of the insurgency which has increasingly taken its campaign of violence from the countryside to the city streets.

Such a turn of events would also pose new policy risks for the United States, which has for the most part avoided being directly drawn into the Philippine counterinsurgency effort.

The last known attacks by Communists against Americans came in the mid-1970s at Subic Bay Naval Station.

Some observers noted that rightist military rebels had been active near the base. They suggested the attacks on the Americans may have been perpetrated by rightist soldiers trying to place the blame on the Communists and further destabilize the Mrs. Aquino's government.

The killings occurred at a time of rising Philippine nationalism that has often resulted in anti-American sentiment. This comes at a particularly sensitive time, since the leasing agreements for Clark Air Base and the U.S. Subic Bay Naval Station are scheduled to be renegotiated next year.

This week, the growing anti-American mood was highlighted by a flap involving a U.S. Embassy military attaché, Lieutenant Colonel Victor Raphael, who was accused in the press of "meddling" in the Aug. 28 coup attempt by being inside a rebel-held military camp and at one point trying to dissuade

pro-government troops from attacking the rebel position.

The U.S. ambassador, Nicholas Platt, has confirmed that Colonel Raphael was inside the camp during the coup attempt, but he maintained at a news conference on Oct. 22 that the colonel was only "doing his job" and that he remained a "trusted member" of the embassy staff.

However, as the controversy showed signs of escalating this week, with both houses of the Philippine Congress announcing plans to investigate, the U.S. Embassy announced on Wednesday that Colonel Raphael would be sent back to the United States this week.

The embassy, in a statement, said that Colonel Raphael's transfer was "no reflection" of his performance and that the charges against him were "unfair and unwarranted."

The new Philippine foreign secretary, Raul S. Manglapus, said Wednesday at a news conference that the Philippines now should begin to "broaden" its relations to end its heavy dependence on the United States.

"I think," he said, "it's time to renew this attitude and to recognize that we do have special relationships with Asia, then Europe, and then the United States. It would mean broadening the horizons of our foreign policy."

Some analysts have predicted that Mr. Manglapus's nationalistic tone in foreign policy may make it more difficult for the United States and the Philippines to reach an agreement on retaining the military bases after 1990.

Mr. Miller said Mr. Deaver was lucky to be in court at all, describing Mr. Deaver's 1985 admission to Georgetown University Hospital for kidney failure as a life-threatening condition that resulted, briefly, in some "mental aberrations."

Mr. Deaver, he said, was "not that kind of man" who would try to trade on his close relationship to the president.

The prosecutor maintained, however, that Mr. Deaver was trying to cash in on his relationship, and that at one time a contract to sell his lobbying business for up to \$16 million seemed within his grasp. But then, drawn to the case by the publicity over Mr. Deaver's becoming business, the investigators began focusing on Mr. Deaver's clients, and the deal fell through, Mr. Seymour said.

Mr. Seymour, one of seven special prosecutors assigned to handle cases of alleged corruption in the Reagan administration, laid out the five-count indictment that could send Mr. Deaver to prison for 25 years.

These were the deals involved: Boeing Co., the aircraft maker, wanted to sell the White House a new \$200 million Air Force One; Canada wanted U.S. action on acid rain pollution; Rockwell International Corp. wanted to build a space station; Trans World Airlines wanted to stop a hostile corporate takeover, and Puerto Rico wanted to retain a tax break for its industries.

Mr. Deaver, the prosecutor asserted, obliged his clients with telephone calls and brief conversations with top Reagan administration officials: Secretary of State George P. Shultz; Elizabeth H. Dole, then the transportation secretary; Robert C. McFarlane, then the national security adviser; and Treasury Secretary James A. Baker 3d.

Mr. Deaver testified "truthfully as far as he could remember," Mr. Miller said, adding "there is another thing" that may have affected his memory.

"His drinking problem had gotten out of hand," Mr. Miller said, saying that the pressures of Mr. Deaver's White House job were forcing him to neglect his family.

The trial is expected to last three to five weeks.

## Deaver Trial For Perjury Opens in Washington

By Bill McAllister  
Washington Post Service

WASHINGTON — A federal jury has been asked to see Michael K. Deaver's fall from power as either the tale of a Reagan administration insider anxious to trade on his position for millions of dollars in lobbying fees or the story of a dedicated but seriously ill Reagan loyalist reluctant to leave the side of the president he admired.

Those were the conflicting portraits painted of the former White House deputy chief of staff as his trial began Tuesday in U.S. District Court here on five counts of lying to a congressional subcommittee and a federal grand jury.

Whitney North Seymour Jr., the independent counsel prosecuting the case, told the jury that this is a case of a longtime aide to President Ronald Reagan and his wife, Nancy, who "decided to turn that relationship into personal gain" and then tried to cover up the contacts he made as a lobbyist, partly in fear of embarrassing the Reagans.

As he ticked off a list of Mr. Deaver's lobbying clients and stressed the large fees they paid him immediately after he left the White House in 1985, Mr. Seymour asked what he called "a critical question you're going to have to ask yourselves: 'Why? What were they buying?'"

Mr. Deaver's lawyer, Herbert J. Miller Jr., disputed those assertions in his opening arguments, saying that the case against his client was "a damnable lie" and that lobbying, "a perfectly honorable and legitimate business," was not on trial.

Mr. Deaver, he said, was being hounded by a prosecutor intent on making a case out of a handful of answers the former Reagan aide had made among more than 1,050 answers given in 11 hours of congressional and grand jury testimony.

The issue, both Mr. Miller and Mr. Seymour agreed, is whether Mr. Deaver "willfully" lied when he said under oath that he could not recall certain contacts he made with top Reagan administration officials on behalf of his lobbying clients.

As expected from the pretrial disclosure by the defense that Mr. Deaver was a recovering alcoholic, Mr. Miller told the jury that his client's "drinking problem had gotten out of control" in 1985.

Mr. Miller said Mr. Deaver was lucky to be in court at all, describing Mr. Deaver's 1985 admission to Georgetown University Hospital for kidney failure as a life-threatening condition that resulted, briefly, in some "mental aberrations."

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The trial is expected to last three to five weeks.

## Soviet Ring in Greece Got U.S. Missile Data

By Paul Anastasi  
New York Times Service

ATHENS — The Soviet Union, through a military intelligence operation in Greece, acquired specifications for the Stinger missile and developed an almost identical weapon, according to a Greek security official with immediate knowledge of the case. A Western official confirmed the incident.

The development means that the Russians gained the technology for a portable missile whose extreme effectiveness has been demonstrated by Afghan guerrillas fighting Soviet forces.

The officials said Moscow saved millions of dollars in research costs that development of a similar weapon would have required.

They said the Russians made use of a Greek agent within the military establishment in the last three years to obtain the circuit design and other data for the basic Stinger model.

With these, they said, they built the SAM-14, which is now the Soviet equivalent of the Stinger and is available on the international market at prices somewhat higher than the original U.S. version.

The Stinger, which can be carried by one person, has proved capable of shooting down helicopters and jet bombers.

Developed by General Dynamics, the shoulder-fired weapon weighs about 30 pounds (13.5 kilograms) and has a range of 3.4 miles (5.5 kilometers).

Officials said Wednesday that Michael Megalociconomou, a 37-year-old Greek, would stand trial

on charges of providing secrets to the Soviet Union, some of which enabled them to copy Stinger technology.

The sources said Mr. Megalociconomou, the former deputy manager of Standard Electric, the Greek subsidiary of IIT, had been formally charged with spying for the Soviet Union.

They said a trial date had not yet been set.

Two other employees of Standard Electric had been charged with espionage activities, they said.

The officials said the espionage operation was the work of the Admiration and of the Military Intelligence Commission in Moscow, which coordinates both the development of Soviet weapons and a worldwide program to acquire Western technology.

The United States subsequently stopped producing this particular Stinger model, but the officials said they did not know if the decision was related to the Greek incident.

The officials said the U.S. and Greek governments had discussed the case and had improved their cooperation to prevent any further loss of military-oriented technology.

The case caused considerable friction between the United States and Greece and slowed delivery of U.S. military supplies, including jet fighters and other sophisticated technology, Greece signed an accord last year specifying that it would take measures to prevent the drain of technology.

## Moscow Offers to Allow U.S. Inspection of Radar

By Michael R. Gordon  
New York Times Service

WASHINGTON — The Soviet Union has offered to allow U.S. officials to inspect two radars that some conservative senators assert may violate an arms control accord, according to Reagan administration officials.

The offer was made last week when Secretary of State George P. Shultz had talks in Moscow, officials said.

One said the Reagan administration was "digesting" the Soviet offer and had not decided how to respond.

The proposal follows other offers on Soviet military activities. In September, the Soviet Union allowed a congressional delegation to inspect its disputed radar at Krasnoyarsk in Siberia. Earlier this month, Western officials were granted limited access to the chemical weapons site at Shikhan, about 550 miles (900 kilometers) southeast of Moscow.

The latest offer came after the administration expressed concern about the radars. They are outside an electronic installation at Gornol, southwest of Moscow.

Soviet officials are said to have denied that the radars constitute an arms control violation. The matter is seen as being of more political than military importance.

At issue are two types of old radars, dubbed Pawn Shop and Flat Twin by intelligence experts, that were first observed 15 years ago. Several of these radars had been kept at anti-ballistic missile test ranges at Sary-Shagan in Kazakhstan and in the Far East. The Reagan administration said that there

was "ambiguous" evidence that the radars were a "potential" violation of the 1972 ABM treaty, which bans mobile ABM radars.

Earlier this year, the State Department said most of these radars had been removed or dismantled. But one Pawn Shop and one Flat Twin radar were detected recently at an installation in Gornol.

Conservative Republican senators, seeking to portray the Soviet Union as a treaty violator, have seized on the issue. Senator Jesse Helms, Republican of North Carolina, sent a letter to Mr. Reagan along with 19 other Republican senators demanding a report about the "purported new violation" before any new treaty banning medium- and shorter-range missiles is signed.

Some administration experts say there is no firm basis for charging a violation. They say that it is not clear what the Russians are doing with the radars and that charging a violation could expose the United States to countercharges. But hard-liners in the Pentagon have been pressing the administration to charge the Soviet Union with a violation of the ABM treaty.

The old radars are housed in vans at Gornol. Soviet officials are reported to have offered to let U.S. officials visit some of the old radar components near Moscow as well as at Gornol.

At the Moscow meeting, Soviet officials also informed the United States that Moscow was talking work at the Krasnoyarsk radar for one year. The United States has charged that the radar violates the ABM treaty because it is not on the periphery of Soviet territory or oriented outward as the treaty requires.

## REAGAN: Soviet Official to Visit

(Continued from Page 1)

ing strategic offensive reductions to measure that would cripple our Strategic Defense Initiative — particularly since the Soviets are already spending billions on a strategic defense program of their own.

■ Talks to Focus on Treaty

The Associated Press reported earlier from West Point.

The White House spokesman, Mr. Fitzwater, said the talks with Mr. Shevardnadze on Friday in Washington would focus on a nearly completed treaty banning intermediate-range nuclear missiles as well as on negotiations to curb strategic weapons and a possible summit meeting.

Mr. Fitzwater said tentative plans called for Mr. Reagan to meet with Mr. Shevardnadze early Friday afternoon before the president leaves for Phoenix, Arizona, where he will attend a memorial service on Saturday for his wife's mother, Edith Luckett Davis.

Of the prospects for reaching an agreement on an intermediate-

range nuclear force treaty, Mr. Reagan said Monday that although there might still be details to be worked out, "we do believe that it is going to be signed."

The Senate, in a 93-0 vote, appropriated \$8.5 billion for military construction projects on Tuesday, but omitted money for cruise missile sites in West Germany and the Netherlands in hopes of a U.S.-Soviet agreement to eliminate the weapons.

The Senate bill includes language urging U.S. allies in Europe to assume a greater role in defending Europe and to pay a bigger share of the military costs, but it contains no specific goals.

U.K. Highway Crash Kills 12

Reuters

PRESTON, England. — Twelve persons, including three children, were killed Wednesday when a petroleum tank truck exploded and burned in a highway accident near this northwestern town, a hospital spokesman said.

## André Masson, Surrealist Artist, Dies

The Associated Press

PARIS — André Masson, 91, one of the last great surrealist painters, died at his Paris home on Wednesday, family friends quoted by Agence France-Presse said.

He had been confined to his bed and reportedly had not painted for a dozen years.

One of the prime movers of the surrealist movement, Mr. Masson referred to himself as a "painter by instinct."

Mr. Masson was among the diverse group of painters and writers who developed what became known as the "surrealist group" in the early 1920s. It was nourished by the postwar blossoming of artistic movements and the cumulative effect of such authors as Charles Baudelaire and Guillaume Apollinaire. André Breton's "Surrealist Manifesto," published in 1924, helped define the movement's philosophy.

"For us, surrealists of 1924, the great protest was reason," Mr. Masson wrote in "The Pleasure of Painting" (1950). "It was cool reason, after all, that had led mankind into the war to end all wars."

"Rational" painting, they believed, was too deeply embedded in society to realize art's role as a social dynamic.

"All are in reaction to something," Mr. Masson said. "Surrealism was part of an attitude that said, 'we have to have something new.'"

Mr. Masson continued to stand by that attitude. "Each painting has to find its style and be something new," he once said.

"It was a fine thing, a little community of artists with its own rules and membership," he said of the surrealists. "There were things that were forbidden — like realism. Me, I allowed myself to do anything."

Born Jan. 4, 1896, in Balagny, north of Paris, he was attracted to painting as a youngster. He was admitted to the Belgian Académie Royale des Beaux Arts in 1907. His experiences in World War I, during which he was gravely wounded, marked much of his later work.

During World War II, Mr. Masson fled to the United States, where he lived from 1941 to 1945.

Some of his best known paintings include "Brocelande" (1937), "Le Labyrinthe" (1939) and "L'Assassinat de l'Automate" (1941). In 1965, he painted the ceiling of the French National Theater of the Odéon.

Mr. Masson also illustrated books and designed ballet sets. His work is displayed in galleries and museums of contemporary art in Europe and the United States.

Jean Hélion, 83, French Realist Painter

PARIS (AP) — Jean Hélion, 83, a noted contemporary French painter, died early Wednesday, family members said.

He is to be buried Monday in Paris's Montparnasse cemetery, they said.

One of the pioneers of the abstract school of painting, from 1929 to 1939, Mr. Hélion eventually moved toward more realistic works that concentrated on daily life.

In 1939, after introducing curves and rounded forms into his work, he totally abandoned the geometry of the abstract style.



André Masson

## DENG: A Request to Stay

(Continued from Page 1)

that is likely to follow a predetermined course in endorsing the economic reforms introduced by Mr. Deng, Mr. Zhao, and their allies in the government and party.

Another surprise has been a decision by the party to permit a degree of open discussion among officials at the congress with the aim of stimulating more lively debate and presenting an image of democratic decision making. The decision to allow a disclosure of the uncertainty over Mr. Deng's future role seems to fit in with this more open style of discussion.

Leaders from the cities of Shanghai, Guangzhou, Chongqing, and Wuhan created a stir at a press conference when they were asked to give their views on Mr. Deng's plans to retire from the Politburo.

A new central committee, elected by the congress, is supposed to vote in secret for members of a new ruling Politburo. But Mr. Deng has told foreign visitors on several recent occasions that he intends to resign to make way for younger leaders.

"Many of us have been trying to persuade him not to quit," said Liao Bokang, party secretary of Chongqing, "and we are also being persuaded to let him leave."

"I hope he won't quit the Political Bureau," said Zhao Baohang, the mayor of Wuhan.

"But Comrade Deng Xiaoping has recently presented an important reason for doing this," said Mr. Zhao, "and I'm weighing the pros and cons. At any rate, I hope he will continue to play an important role, quit or not."

BUCKRAHWAID  
INTERVIEWED THURSDAY AND FRIDAY  
IN PHOENIX, ARIZONA  
FOR THE TRIBUNE

LEMMIE TELL YOU SOMETHING, DUKE. I'M AN ACCUTED MAN. I LIKE THE ACCUTED LIFE VERY MUCH. I'M THE ROSE OF HOWARD BEACH!

SO I GOTTA BE CAREFUL, UNDERSTAND? THAT'S WHY I'M GONNA LET YOU GUESS WHAT I WANT FROM YOU, AND WHAT'LL HAPPEN TO YOU IF I DON'T GET IT.

YOU WANT ONE OF MY BUSINESS OR I GET MY HANDS BROKEN?

YOU GET 90% OF IT GET SHUFFED INTO A CAR COMPARTMENT?

IS THAT A GUESS? HOW COME YOU GUESS THAT GOOD?

HEY, CHON, BOSS, GOT LUCKY!

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SCIENCE

IN BRIEF

Tie Between Creativity and Insanity

WASHINGTON (WP) — A study of well-known creative writers confirms the long-held view that there is a link between "genius" and "insanity." Eighty percent of the writers were found to have suffered at least one episode of mental illness, usually manic-depressive illness or depression, compared with 30 percent of a group of nonwriter professionals matched for IQ, age, sex and socio-economic status.

The study, done by Nancy C. Andreasen, a psychiatrist at the University of Iowa medical school, was published in the latest issue of the *American Journal of Psychiatry*. Dr. Andreasen studied 30 writers, all drawn from the visiting faculty of the University of Iowa Writers' Workshop. Faculty members have included Philip Roth, Kurt Vonnegut, John Irving, Robert Lowell, Flannery O'Connor and John Cheever.

Dr. Andreasen said she was looking for a link between creativity and schizophrenia, a disease that leads to unusual perceptions that might give rise to creative ideas. Neither group contained a schizophrenic. Depressive illnesses led two writers to kill themselves during the 15 years of the study. In addition, the writers were four times as likely to be alcoholics. "These results do suggest that affective disorder (which includes manic-depressive illness) may produce some cultural advantages for society as a whole, in spite of the individual pain and suffering that it also causes," Dr. Andreasen wrote.

Study Questions Low-Sodium Diets

BOSTON (AP) — A preliminary study has questioned years of doctors' advice to patients with high blood pressure that they eliminate sodium from their diets. The study of five men with hypertension confirmed that table salt clearly aggravates high blood pressure, but it also suggested that many other forms of sodium have no effect. The finding needs to be tested in larger studies, said Dr. R. Curtis Morris Jr., one of the authors of the report, but it "may change the conventional wisdom about sodium and salt." Table salt is sodium chloride. Other sodium compounds include sodium bicarbonate, or baking soda; sodium ascorbate, a form of vitamin C; the flavor enhancer monosodium glutamate and such preservatives as sodium benzoate and sodium nitrite.

"For many years, the words 'sodium' and 'salt' have been used interchangeably," said Dr. Morris. "That was because people thought that the only part of salt that was important was the sodium component. We are suggesting that it's not just sodium. It's sodium and chloride."

The five men's blood pressures rose sharply after they were given salt supplements for a week. But when they received the same amounts of sodium citrate, a common additive in many foods and drinks, their blood pressures didn't change. Graham Ward, a public health expert at Boston University School of Medicine, said the finding is important for researchers to pursue but doesn't affect doctors' advice to their patients with high blood pressure. "Perhaps the most important piece of all this is that it causes us to rethink the relationship between salt and high blood pressure and gets us off the too-narrow point of view that it's sodium alone that's causing hypertension," said Dr. Morris.

Mice Produce Human Heart Medicine

NEW YORK (NYT) — Scientists have transplanted the gene for a human protein, considered promising as a treatment for heart attacks, into female mice, causing the animals to produce the substance in their milk. Eventually the researchers hope to use large animals such as goats or cows as living factories for inexpensive, high volume production of the protein.

The protein, tissue plasminogen activator, helps restore circulation in the heart muscle by dissolving the blood clots that caused the attack. Prompt restoration of blood flow helps minimize damage to the heart. The transplanted gene was an artificially produced hybrid that included genetic material of a mouse gene that helps regulate milk production and the human gene for production of the complex blood substance.

"Although many technical hurdles remain, the data presented here demonstrate that transgenic animals may become an attractive alternative for future production of genetically engineered biologically active proteins," according to a report in the journal *Bio-Technology*.

By John Noble Wilford

THE life one lives can leave an indelible mark on the bones, and anthropologists are perfecting their ability to find in human skeletons clues not only to diet and disease but also to the daily activities and occupations of people long dead.

In a particular enlargement of the ulna, one of the two forearm bones, an anthropologist can begin to reconstruct the image of a spear-throwing hunter. In the skeleton of a modern American, such an enlargement makes it likely that he was a baseball pitcher in his youth.

The abnormal facets and grooves at the lower end of the tibia, the shinbone, and at the hip and knee are the marks of someone who spent much of his life squatting. These features are common in the skeletons of modern Maoris of New Zealand, Australian aborigines and villagers in the Punjab, people who prefer squatting to sitting. Similar abnormalities show up in Neanderthal skeletons.

Other clues are the signs of osteoarthritis of the spine and tiny fractures in the neck area that afflict Asapulo cliff divers who repeatedly hit the water head first; irregularities of the lower jaw attributed to a career of playing the clarinet; golfer's toe; dog-walker's elbow; and cowboy's thumb, which results from the multiple fractures from gripping the saddle horn while flying off horses in rodeos — or mechanical bulls in barnyards.

Drawing on his experience as a forensic anthropologist, as well as the records of industrial and sports medicine and paleontology, Kenneth A.R. Kennedy, a professor of ecology and systematics at Cornell University and a specialist in Asian anthropology, has compiled the first list of more than 140 established skeletal markers of what he calls occupational stress.

Knowledge of these markers helps paleontologists re-create the living conditions of thousands of years ago and has become an effective tool of forensic scientists who try to identify the remains of people who died more recently.

A Life's Story Written in Bone

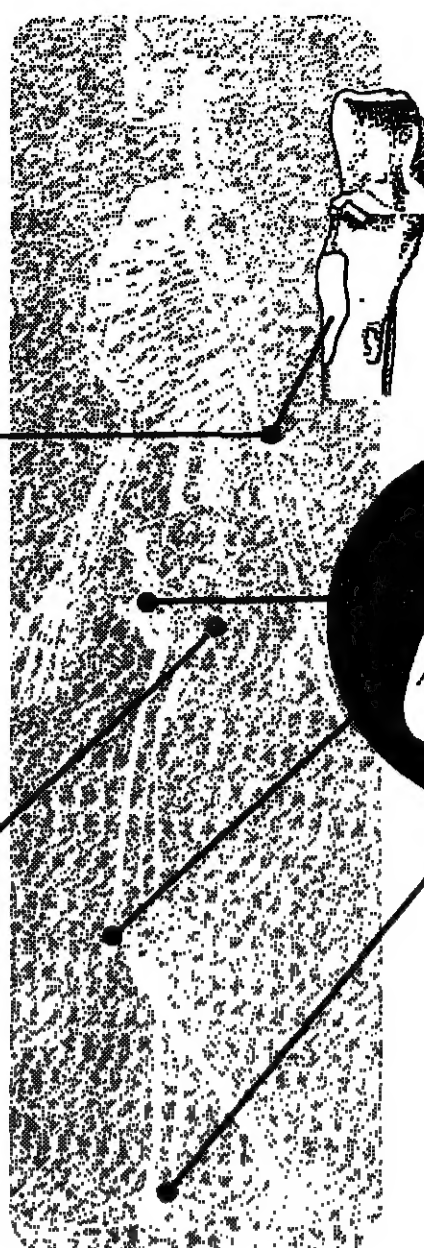
Forensic anthropologists are learning to identify signs of occupational stress in human skeletons. This helps scientists reconstruct the way people lived long ago.



Irregularities have been noted in the upper forearms of Ice Age men who hunted with spears.



Abnormal facets at the base of the spine are linked to pressures of carrying infants, as when African women carry children on their backs.



Enlarged crest on forearm

is the result of habitual throwing. The bony ridge indicates that muscles attached there were abnormally large. Today, similar abnormalities develop in the forearms of baseball pitchers.



A combination of irregular facets and grooves in the hip, near the knee and at the base of the shinbone are marks of people who spent much time squatting instead of sitting. Since these marks are seen in Neanderthal skeletons, those prehistoric ancestors are assumed to have squatted, perhaps by fires.

largement of the ridge indicated that the muscles there were larger than usual, presumably the result of stresses of habitual throwing. He speculated that the man could have been a left-handed baseball pitcher.

In this case, the clue did not lead to an identification of the remains; other police investigations did that, and also turned up the fact that the man had indeed been an amateur softball pitcher for 20 years. Dr. Kennedy was encouraged to believe in the validity of occupation stress markers in forensic anthropology.

Subsequently, he studied the skeletons of Ice Age people found in central India and noted a high incidence of the same hyperdeveloped supinator crests in the right arms of the males, but not in the females.

From this and other studies, Dr. Kennedy concluded in a 1983 report that this was a reliable marker of hunting people who used spears, bolas, slings and boomerangs.

Another clear example of occupational stress on the skeleton was detected in a 3,000-year-old Egyptian mummy. The finger bones of the right hand showed signs that ligaments were attached in a way attributed to flexion of the fingers in a firm grasp, as in the hold on a stylus. This made sense, because the mummy was identified from historical sources as a scribe. And other bones indicated that the man spent much of his life in the cross-legged posture of Egyptian scribes.

Forensic anthropologists conceded that these were easy cases because the behavior of the subjects was already known or later established by other means. But the experience gave them confidence in their analytical techniques.

They also cautioned that, in all cases, other information will be necessary in making positive identifications of a person's activities. For example, a nearly identical bony surface tumor is found in the humerus, the long bone of the upper arm, of javelin-throwing Stone Age Saharans and modern golfers.

A complete and more reliable reconstruction of someone's life must be inferred from ethnographic accounts and archaeological and historical sources, anthropologists said.

Still, with a detailed examination of a skeleton, Dr. Kennedy said he conceivably could identify a clarinet-playing, kayak-paddling baseball pitcher.

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THURSDAY, OCTOBER 29, 1987

## ECONOMIC SCENE

## U.S. Market Is Learning To Dance to Foreign Tunes

By DAVID E. SANGER  
New York Times Service

NEW YORK — For as long as the American economy has dominated the world scene, the New York Stock Exchange has whistled the tune that foreign stock exchanges have followed. In recent days, however, the usual order has sometimes been turned on its head.

A rise or fall on the Tokyo market, or smaller exchanges in London or Hong Kong, appear to have influenced the day's trading on Wall Street. It happened again Tuesday, when early-morning reports of near-record gains in Asia and limited advances in Europe suggested a modest recovery for U.S. markets.

"For days everyone just kept passing the bear market around the time clock," Barton M. Biggs, managing director of Morgan Stanley & Co., said Tuesday. "When Tokyo broke the pattern, it made all the difference."

On Wednesday, in contrast, falls in Tokyo and London presaged a sharp early drop on Wall Street.

If Asian investors and the Tokyo market are increasingly taking a leadership role, it is a curious kind of leadership. American investors appear to be looking to Japan to assess its reaction to American events. The magnitude of the Japanese reaction will then frequently dictate the U.S. market's response.

Such circular behavior has left many investors wondering how to tell the leaders from the followers. The answer lies in reasons as disparate as time changes and technology, overseas investing and foreign financing of the U.S. budget deficit.

In part, the trading impetus follows the sun in a daily global relay race. By the time the New York exchange opens, car and portable radios have been chattering for hours with closing results in Asia and midday prices in Europe.

And timing can be everything. The Hong Kong exchange is smaller than the Amsterdam exchange, though doubtless a more important indicator of the regional economy. Few hear about trading in the Netherlands because it is largely overshadowed by the near-simultaneous trading in New York and London.

INFLUENCE is also a function of size. Last April, for the first time, Japan's stock market became by some measures bigger than the market in the United States, and the gap has widened significantly in recent days. Ten years ago, few in the United States would have even known how the Tokyo exchange closed.

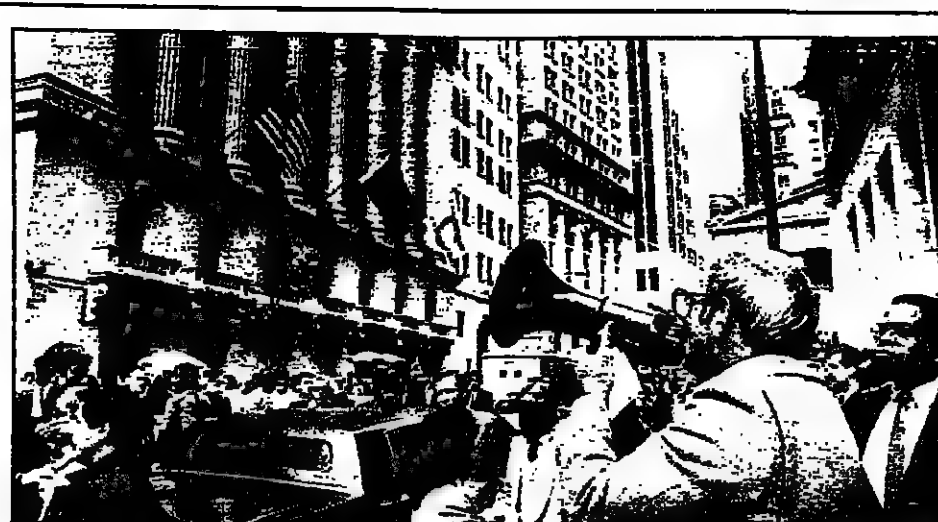
More importantly, geographical limitations no longer dictate where investors place their money. Until the market collapse, Japanese investors were buying American stocks at an annual rate of \$15 billion to \$20 billion, or five times as much as they purchased in 1986, according to stock exchange estimates. Meanwhile, more and more American investors were active in Tokyo, often trading in the shares of Western companies listed on more than one exchange.

Perhaps the most important linkages between markets, however, are technological and political. Nowadays, traders can move money between markets in a flicker of a computer screen. In New York, such moves often happen between 9:30 A.M. and 10 A.M., the critical first half-hour of trading. At that time, American investors are still plotting their day, European traders are back from lunch and the Japanese have already left overnight instructions.

"The major bulk of the market's movements this year occurred in the first half hour," setting the tone for the day, said Lazzio Birnini, manager of equity markets at Salomon Brothers.

The political connections are more subtle. By turning to foreign capital to finance the U.S. budget deficit, the United

## Performances of Tokyo, London and Hong Kong appear to have influenced New York.



A sidewalk preacher outside the New York Stock Exchange.

## NYSE's Travails Draw the Curious

## Crowds of Onlookers Gather for Market 'Deathwatch'

By Eileen V. Quigley  
Los Angeles Times Service

NEW YORK — As the New York Stock Exchange strains under heavy trading, visitors from around the United States and the world are packing the streets surrounding the exchange during the shortened trading hours. They are curious to see history in the making, to keep up what one observer called the stock market's "deathwatch."

The area surrounding the exchange has the appearance of a movie set. The streets of the financial district are lined with television vans. Bundles of electrical cables hang the sidewalks and snake up the sides of the exchange building. Onlookers gather outside the exchange's exits, blocking traffic on the narrow, one-way streets.

Mike Dalzell, a financial planner with E.F. Hutton & Co., was standing in line Tuesday during his lunch hour. He said the record 508-point drop on "Black Monday," Oct. 19, had prompted him to

make his first trip to the exchange, and he admitted to having a certain ghoulish curiosity.

"I just wanted to see how busy it is, how crazy it is. It's also a historical event," Mr. Dalzell said. "I'm here just to say we came and saw it and, hopefully, survived."

His companion, Susan Saitow, also a planner at Hutton, said she had been trying to get into the visitors' gallery each day since last week's plunge, but the lines around the outside of the exchange dissuaded her. Finally she decided to grab her lunch from a hotdog stand and wait in line.

Exchange employees have kept the crowds moving quickly and limited their time in the glass-enclosed gallery, so visitors generally waited only 30 to 45 minutes for the chance to peer down to the traders and clerks scurrying from booth to booth on the floor of the exchange. New York Stock Exchange officials estimated that they are seeing 20 percent to 30 percent more visitors than usual.

## U.K. Government's Sale of BP Shares Is a Flop

Warren Gerdler  
International Herald Tribune

LONDON — The British government's £7.2 billion (\$12 billion) offering of shares in British Petroleum Co., became a stunning flop Wednesday, when it emerged that investors had turned their backs on the issue.

Because of the sharp slide in BP's share price in line with the past week's collapse of international markets, the failure of the issue had been widely expected.

BP's share price closed at 256 pence Wednesday in unofficial trading in London, a discount of 74 pence to the 330 pence per share offer price that was set two weeks ago.

By the official close of the offer Wednesday morning, an estimated 200,000 to 300,000 applications for shares had been received. That con-

trasts with the more than 6.25 million requests for prospectuses on the sale. The government, which is now weighing whether to cancel or postpone the issue, had hoped to attract up to 5 million public subscribers to the issue.

Unless the government decides on cancellation, British and overseas underwriters will be forced to take up the shares at a loss of up to £1 billion.

Nigel Lawson, Britain's chancellor of the Exchequer, said that he will announce a decision by Thursday whether to proceed with the sale. A decision needs to be taken by Friday, when official trading in the shares begins on the London Stock Exchange.

Despite efforts by representatives of the offer's 17 prime British underwriters to persuade the British Treasury to cancel, the con-

sensus among analysts is that the issue will go ahead.

As one senior oil analyst at a London brokerage said: "Opinion among analysts here is that it will go ahead because it's difficult to imagine the underwriters producing a sufficiently compelling argument to persuade the chancellor to accept the political damage that would follow. That is, from being seen to bail out City and overseas underwriters."

"To pull out now would set a dangerous precedent on underwriting — a fall in stock markets is exactly what one underwriter, no matter how steep the fall," said the analyst, who spoke on condition that he not be identified.

There was speculation Wednesday that BP's management had asked Mr. Lawson to cancel the sale for fear that the issue would

## Stocks Slide in Europe, Pulled Down by Dollar

Compiled by Our Staff From Dispatches

PARIS — European stock markets took a beating on Wednesday, as renewed worries about the effect of the plunging dollar on the world economy dissolved the fragile rally of the day before.

Share prices fell by near-record amounts in several cities, and companies with strong business ties with the United States fared especially poorly.

Early in the day most attention was focused on the dollar. The U.S. currency slid below 1.75 West German Deutsche marks and 139 Japanese yen and only coordinated buying by the U.S., Japanese, West German, British, Swiss and Italian central banks kept it from sliding further, dealers said.

Attention shifted in the European afternoon to Wall Street, where trading was just getting under way. But the first activity there — a 65-point drop in the Dow Jones industrial average within the first 30 minutes of trading — only added to the queasiness of investors in Europe, and share prices in London, Paris and Frankfurt plunged to their lows of the day.

In London, shares lurched sharply lower in midmorning from an already depressed start as worries about the falling dollar triggered another wave of nervous selling, dealers said.

Within 90 minutes of the opening the FTSE 100-share index was



A cluster of Swiss peering Wednesday at world stock prices displayed in a Zurich bank window. The Zurich market fell.

down 73.9 points, or 4.3 percent, from Tuesday's finish, and after Wall Street opened the FTSE hit its day's low, down 105 points. That put the index below the 1,000 level, which had not been breached since last November.

But traders said that buyers moved into the market after this, and the FTSE closed at 1,658.40, down 44.9 points, or 2.6 percent, for the day. On Tuesday it gained 19.2 points, or 1.14 percent.

Money market dealers said speculation was strong that the British government would soon stimulate another half-point cut in base rates to underpin the stock market. Last

Friday, British clearing banks cut their lending rates by one-half point to 9.5 percent.

In Paris, the all-share Bourse indicator fell 9.7 percent, matching the record fall on Oct. 19, which the French press has dubbed "Bloody Monday."

Share prices opened sharply lower, with the bourse indicator sliding 7.44 percent on heavy speculative selling.

Dealers said prices were being pulled downwards by the dollar and the declines on Wall Street. The Bourse indicator had edged up

See EUROPE, Page 14

## West German Police Expand Currency Inquiry at VW

BRAUNSCHWEIG, West Germany — A state prosecutor's office said Wednesday it is investigating further possible illegal currency transactions by bank and Volkswagen AG employees, in addition to a fraud that cost VW 473 million Deutsche marks (\$270 million).

VW suffered more losses than those uncovered last March, the weekly magazine Stern has reported. It said VW currency dealers had skimmed profits of more than 10 million DM. A spokesman for the Lower Saxony prosecutor said he could not confirm the details of the article but said the investigation into the fraud was ongoing.

In separate reports from VW's headquarters in Wolfsburg, the company said Wednesday that it had cancelled a presentation to bankers scheduled for next Monday. The move comes amid speculation that the Bonn government's decision to sell its 16 percent holding in the automaker may be delayed.

In recent days, VW's stock has fallen sharply. The shares closed at 288 DM Wednesday, off 21 DM on the day, reducing the value of Bonn's holding to 1.36 billion DM. It was 1.75 billion on Oct. 16.

West German press reports have said the presentation, which would have been made at Dresdner Bank AG in Frankfurt, was a prelude to the government's sale of its stake in VW to private investors.

Mr. Swearingen, as chairman of the parent company, and Mr. Ogden, as chairman of its primary subsidiary, Continental Illinois and National Bank & Trust Co. of Chicago, were selected by the federal government to help pull the bank back from the edge of bankruptcy in 1984. The government that year rescued the bank with a \$4.5 billion injection of funds.

A Continental spokesman said the Federal Deposit Insurance Corp., which monitored the rescue of Continental, has seen Mr. Theobald's new strategy, but is not required to approve it under the terms of the rescue plan.

In moving to sell them, Mr. Theobald is reversing the direction set out by his predecessors, John E. Swearingen and William S. Ogden, who as co-chairmen tried to broaden the firm's retail base in an effort to cut its reliance on interest income from loans to industries.

The strategy was approved by the company's board Monday. Continental bought two suburban Chicago banks in 1982 and three last year, and was buying a sixth this year.

On Monday, Continental said it may post a moderate fourth-quarter loss because of a \$90 million loss at First Options.

Continental declined comment on the investigation, but a spokesman for the bank holding company said that developments with First Options had no bearing on the bank's long-range plans.

The company said its new corporate strategy calls for it to redeploy assets and manpower to sharpen its

focus on serving business customers in four areas: corporate finance, risk management, market making, and transaction support.

The number of people to be relocated or cut from the payroll, and the municipal securities business.

The announcement of the restructuring plan followed the House Telecommunications and Finance subcommittee announcement Tuesday that it would investigate allegedly improper loans made by Continental to bail out its First Options of Chicago subsidiary.

The options-clearing firm, bought last year by Continental for \$135 million, was badly hit during last week's stock market collapse.

Continental acknowledged exceeding loan limits to First Options and signed an agreement with the federal comptroller promising to prevent any recurrence. The amount of the loans was not disclosed.

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## Currency Rates

Cross Rates	Oct. 28
American	1.37
British	1.37
French	1.37
German	1.37
Italian	1.37
Japanese	1.37
Swiss	1.37
Spanish	1.37
Portuguese	1.37
Dutch	1.37
Belgian	1.37
Australian	1.37
New Zealand	1.37
South African	1.37
Israeli	1.37
Indian	1.37
Pakistani	1.37
Sri Lankan	1.37
Singaporean	1.37
Thai	1.37
Malaysian	1.37
Indonesian	1.37
Philippine	1.37
Tagalog	1.37
Visayan	1.37
Mindanao	1.37
Palau	1.37
Micronesia	1.37
Marshall	1.37
Northern	1.37
Western	1.37
Central	1.37
Eastern	1.37
Southern	1.37
Far Eastern	1.37
South Pacific	1.37
South Atlantic	1.37
Indian Ocean	1.37
Arctic	1.37
Antarctic	1.37
Other	1.37

Closing in London, Tokyo and Zurich, 11:00 a.m. New York closing rates. In Commercial time; b: To buy one pound; c: To buy one dollar; d: Units of 100; N.M.: not made; N.A.: not available.

Other Dollar Values	Oct. 28
American	1.37
British	1.37
French	1.37
German	1.37
Italian	1.37
Japanese	1.37
Swiss	1.37
Spanish	1.37
Portuguese	1.37
Dutch	1.37
Belgian	1.37
Australian	1.37
New Zealand	1.37
South African	1.37
Israeli	1.37
Indian	1.37
Pakistani	1.37
Sri Lankan	1.37
Singaporean	1.37
Thai	1.37
Malaysian	1.37
Indonesian	1.37
Philippine	1.37
Tagalog	1.37
Visayan	1.37
Mindanao	1.37
Palau	1.37
Micronesia	1.37
Marshall	1.37
Northern	1.37
Western	1.37
Central	1.37
Eastern	1.37
Southern	1.37
Far Eastern	1.37
South Pacific	1.37
South Atlantic	1.37
Indian Ocean	1.37
Arctic	1.37
Antarctic	1.37
Other	1.37

New York rates unless marked \* (local rate).

Forward Rates	Oct. 28
American	1.37
British	1.37
French	1.37
German	1.37
Italian	1.37
Japanese	1.37
Swiss	1.37
Spanish	1.37
Portuguese	1.37
Dutch	1.37
Belgian	1.37
Australian	1.37
New Zealand	1.37
South African	1.37
Israeli	1.37
Indian	1.37
Pakistani	1.37
Sri Lankan	1.37
Singaporean	1.37
Thai	1.37
Malaysian	1.37
Indonesian	1.37
Philippine	1.37
Tagalog	1.37
Visayan	1.37
Mindanao	1.37
Palau	1.37
Micronesia	1.37
Marshall	1.37
Northern	1.37
Western	1.37
Central	1.37
Eastern	1.37
Southern	1.37
Far Eastern	1.37
South Pacific	1.37
South Atlantic	1.37
Indian Ocean	1.37
Arctic	1.37
Antarctic	1.37
Other	1.37

Source: Reuters. (American, British, French, German, Italian, Japanese, Swiss, Spanish, Portuguese, Dutch, Belgian, Australian, New Zealand, South African, Israeli, Indian, Pakistani, Sri Lankan, Singaporean, Thai, Malaysian, Indonesian, Philippine, Tagalog, Visayan, Mindanao, Palau, Micronesia, Marshall, Northern, Western, Central, Eastern, Southern, Far Eastern, South Pacific, South Atlantic, Indian Ocean, Arctic, Antarctic, Other.)

## Interest Rates

Interest Rates	Oct. 28
American	1.37
British	1.37
French	1.37
German	1.37
Italian	1.37
Japanese	1.37
Swiss	1.37
Spanish	1.37
Portuguese	1.37
Dutch	1.37
Belgian	1.37
Australian	1.37
New Zealand	1.37
South African	1.37
Israeli	1.37
Indian	1.37
Pakistani	1.37
Sri Lankan	1.37
Singaporean	1.37
Thai	1.37
Malaysian	1.37
Indonesian	1.37
Philippine	1.37
Tagalog	1.37
Visayan	1.37
Mindanao	1.37
Palau	1.37
Micronesia	1.37
Marshall	1.37
Northern	1.37
Western	1.37
Central	1.37
Eastern	1.37
Southern	1.37
Far Eastern	1.37
South Pacific	1.37
South Atlantic	1.37
Indian Ocean	1.37
Arctic	1.37
Antarctic	1.37
Other	1.37

Source: Reuters. (American, British, French, German, Italian, Japanese, Swiss, Spanish, Portuguese, Dutch, Belgian, Australian, New Zealand, South African, Israeli, Indian, Pakistani, Sri Lankan, Singaporean, Thai, Malaysian, Indonesian, Philippine, Tagalog, Visayan, Mindanao, Palau, Micronesia, Marshall, Northern, Western, Central, Eastern, Southern, Far Eastern, South Pacific, South Atlantic, Indian Ocean, Arctic, Antarctic, Other.)

## Key Money Rates

Key Money Rates	Oct. 28
American	1.37
British	1.37
French	1.37
German	1.37
Italian	1.37
Japanese	1.37
Swiss	1.37
Spanish	1.37
Portuguese	1.37
Dutch	1.37
Belgian	1.37
Australian	1.37
New Zealand	1.37
South African	1.37
Israeli	1.37
Indian	1.37
Pakistani	1.37
Sri Lankan	1.37
Singaporean	1.37
Thai	1.37
Malaysian	1.37
Indonesian	1.37
Philippine	1.37
Tagalog	1.37
Visayan	1.37
Mindanao	1.37
Palau	1.37
Micronesia	1.37
Marshall	1.37
Northern	1.37
Western	1.37
Central	1.37
Eastern	1.37
Southern	1.37
Far Eastern	1.37
South Pacific	1.37
South Atlantic	1.37
Indian Ocean	1.37
Arctic	1.37
Antarctic	1.37
Other	1.37

Source: Reuters. (American, British, French, German, Italian, Japanese, Swiss, Spanish, Portuguese, Dutch, Belgian, Australian, New Zealand, South African, Israeli, Indian, Pakistani, Sri Lankan, Singaporean, Thai, Malaysian, Indonesian, Philippine, Tagalog, Visayan, Mindanao, Palau, Micronesia, Marshall, Northern, Western, Central, Eastern, Southern, Far Eastern, South Pacific, South Atlantic, Indian Ocean, Arctic, Antarctic, Other.)

## Asian Dollar Deposits

Asian Dollar Deposits	Oct. 28
American	1.37
British	1.37
French	1.37
German	1.37
Italian	1.37
Japanese	1.37
Swiss	1.37
Spanish	1.37
Portuguese	1.37
Dutch	1.37
Belgian	1.37
Australian	1.37
New Zealand	1.37
South African	1.37
Israeli	1.37
Indian	1.37
Pakistani	1.37
Sri Lankan	1.37
Singaporean	1.37
Thai	1.37
Malaysian	1.37
Indonesian	1.37
Philippine	1.37
Tagalog	1.37
Visayan	1.37
Mindanao	1.37
Palau	1.37
Micronesia	1.37
Marshall	1.37
Northern	1.37
Western	1.37
Central	1.37
Eastern	1.37
Southern	1.37
Far Eastern	1.37
South Pacific	1.37







# Putting the world's financial markets in perspective.

On October 19th, investor uncertainty abruptly caused unprecedented decline in worldwide equity markets.

The massive selloff was not caused by any one particular event, and there is no evidence that it was justified by the fundamental values of the shares being sold.

## Buy, sell or hold?

The worst thing to do right now would be to sell your equities at distressed prices.

It's crucial at this point to get your bearings in today's totally new environment, and decide upon a rational and prudent course of action.

It is also correct to say that this giant excess of selling has created a large number of bargains in very good shares. But before seeking them out it makes sense to take a good, careful look around. Individual equity selection and fundamental research are critical at this time.

## What will happen next?

Some historical perspective: One of the reasons for our optimism at Merrill Lynch is the magnitude of the decline we've just been through. Some of the worst declines in history have not exceeded 50% in the initial selloff. Even those that were followed by poor economic fundamentals recovered as much as 50% of the losses in subsequent months.

Merrill Lynch analysts believe the extent and speed of the ultimate recovery depend on such economic fundamentals as the stability of world currencies, the interest rate outlook, the degree of inflation and investor psychology.

## A better environment ahead.

The fundamentals of the U.S. economy may be called into question, but we believe that the world markets are overreacting to events. Also, we believe a broad-based economic decline will be avoided, even as the consumer becomes somewhat more cautious.

It cannot be said too strongly or too often: However severe this shock has been, this is no time to sell.

In fact it is time to take advantage of opportunities—to evaluate your holdings, and perhaps, restructure your portfolio.

## Exploring the opportunities.

Restructuring your portfolio is at best a difficult undertaking. How you do it depends on your goals and tolerance for risk as well as on your current holdings and your tax situation.

In addition, at Merrill Lynch, we believe that this is the time for thinking longer term. And such thinking will require a good deal more alertness and more insightful professional advice than in the past.

As recent events have demonstrated, today an investor must know not only what is happening at home but around the world.

## It's no time to go it alone.

At times like these, it's more important than ever to have continuing access to the kind of information and insight that can help you pursue the opportunities that uncertainty creates.

For our part, our Financial Consultants continue to offer reassurance of our financial strength, our proud tradition of trustworthiness and our leadership in providing professional guidance and service.

At Merrill Lynch, we remain confident in the world's financial markets, and in the underlying value of financial assets in this climate.

We recognize that emotions run high during times like these. However, it is critical that reason and objectivity prevail now more than ever.

We urge all investors to take no action out of fear, and to make careful and thoughtful decisions before taking any action at all.

Whatever volatility we face in the days ahead, we are committed to demonstrate to you the highest degree of professionalism and service. We urge you to take a long-term view and prepare yourself to participate in the opportunities we see ahead in the global financial markets.

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# Merrill Lynch







## GLOBAL: Markets' Interreaction

(Continued from first finance page)

Paris Delors, who has lost some economic power over its own policies, "meets critics" on the sidelines.

There has been a balance-of-payments shift because we are a debtor nation," said Steven G. Einhorn, chairman of Goldman Sachs' investment policy committee, which decides in which markets the money should be invested. "And the reality is that it gives our lenders a say in the policies we follow."

But sometimes the theories about how markets track each other fall apart. Japan's market underwent a 16 percent correction, ending in mid-July, that barely touched the American markets. In the United States, it was generally regarded as a long-awaited decline in an extremely overvalued market.

The rule of thumb, then, seems to be that in order for markets to rise together, they must be rising in response to common concerns. Some say that is what has been happening almost two weeks ago, when an American-German dispute over monetary policy orsed jitters in the United States, contributing to a slide in Hong Kong. Those factors combined with a host of other economic concerns to spark the 508-point drop in the Dow Jones industrial average on Oct. 19.

"Then, for the rest of the week, the market set the daily direction," said Nicholas Bratt, president of Scudder International Fund, which also invests in numerous markets. "I can't explain why the foreign markets followed."

Neither could some foreign political leaders, who thought that the humming-like performance of their

exchanges last week was unfounded. "The fact that the United States suffers from its twin deficits and rapidly growing foreign indebtedness no doubt explains why the worldwide fall began on Wall Street," said Nigel Lawson, the British chancellor of the Exchequer, in a speech on Monday. "What is less readily explicable is why the London markets should be following an attempt to second guess Wall Street quite so slavishly."

One of the critical questions for the next several weeks is whether the markets that have tracked each other so closely in recent weeks will begin to seek their own levels.

You will find them decoupling from Wall Street after a while because they don't have the U.S. problems of twin deficits," said Henry de Vismes, a director of Kleinwort Benson International Investments. "Markets assume the worst together, and then start crawling back separately."

In that, however, the coupling-decoupling syndrome seems doomed by the spread of technology.

The networks of trading screens, open communication lines and even linked exchanges — such as the alliance between the Chicago Mercantile Exchange and its counterpart in Singapore — do not create a monolithic worldwide market. But they do allow for 24-hour trading in which decisions about where to invest, and when to move out of a market, are passed constantly around the globe.

The result is that each individual market can exert its own influence before the ball bounces to the next time zone.

## TAXES: Should U.S. Raise Them?

(Continued from Page 1)

Massachusetts Institute of Technology, who last week was awarded the Nobel Memorial Prize in Economic Science, and Professor Paul Samuelson, also of MIT, the first American economist to receive the Nobel prize, and Mr. Summers himself.

The eclectic Keynesians are themselves in a strange alliance, intellectually in league with conservative counterparts such as Martin Feldstein of Harvard and David Rockefeller and a great many other business and financial executives, of whom urge action to shrink the budget deficit. They warn that, if the president and Congress fail to act, it would likely rattle the markets and touch off another plunge.

It is true, of course, that wrongheaded fiscal actions by President Hoover after the 1929 crash did exacerbate the weaknesses of the economy and help thrust it into depression. The Hoover administration reasoned that, to balance the budget, the government would have to raise tax rates. And the Federal Reserve Act of 1932 near-doubled tax rates.

Unquestionably the effort added ardors to the economy, restricted private spending even more and made worse the deflation of prices that was already under way.

But the big tax increase was not the only cause of the Depression. Part of inflation, in this period of falling prices and employment, capped the Federal Reserve from making more money and credit available and from stronger action to lower interest rates. The situation was made worse by the Smoot-Hawley Tariff Act and the spread of protectionist actions to other countries.

By 1933, one out of four Americans was unemployed. The world banking and financial system had broken down.

Today, would measures to shrink the budget deficit mean repeating the grim scenario?

The answer is that it certainly need not. What is crucial is that steps to reduce the budget deficit be offset by actions of the Fed to ease monetary policy and thereby bring down interest rates. That would avoid compounding the downward pressure on the economy of tighter fiscal policy. Lower interest rates would ease consumer spending and business investment and help to strengthen the stock and bond markets.

But why act to reduce the budget deficit at all at this point?

First, because that would ease the problem of the Federal Reserve bringing down interest rates, at a time when the dollar is under heavy

pressure and the nation is suffering from a huge deficit in its balance of trade and payments.

If U.S. interest rates are to be brought down, without sending the dollar into a free fall, it will require the cooperation of the other industrial countries in coordinating interest rates and exchange rates. (If, for instance, the West Germans raise their interest rates, it may force the United States to follow suit, lest the dollar fall out of control.)

A rapid fall in the dollar could unleash inflation, drive foreign capital out and drive U.S. interest rates higher, cutting off investment and housing construction and thrusting the economy into recession.

Yet, if the dollar is to be held where it is, this makes the task of curbing the U.S. merchandise trade deficit that much more difficult. Hence, faster growth in Europe and Japan is important because the American economy will be growing somewhat more slowly as a result of a tighter fiscal policy.

Overall growth of the world economy and world trade is crucial to preventing a worsening of protectionist pressures in the United States and abroad, thereby repeating one of the key causes of the Depression in the 1930s. It has become vital to think of the international economy as a closely integrated entity and to link together national economic policies for the world as a whole.

For the United States, the right mixture of fiscal and monetary policy now — with a plan for narrowing the budget deficit and Federal Reserve action to supply more liquidity to business and the banking system — should make possible a dramatic decline in interest rates, and that would greatly strengthen market confidence and public opinion. The idea would be to stabilize the economy at a much lower structure of interest rates.

Some economists, such as George Perry of the Brookings Institution, believe that a \$23 billion cut in the 1988 deficit — which is all that the White House and Congress are now considering — would be "a big disappointment" to the financial markets. Bond prices would fall and rates would soar, all over again. Mr. Perry, who sees wide scope for interest rates to decline, believes the deficit cut should be \$40 billion this year and \$60 billion next year, if not more. In his view, the economy, which is still expanding, could absorb that kind of fiscal action and benefit.

A number of leading economists stress that, to have the best effect on the markets, the budget-shrinking must be seen as part of a solid, long-run plan.

Mr. Solow, the Nobel laureate, said in an interview Tuesday: "The market's fall makes it a lot harder — it could tip the economy into recession." But he still favors a plan to steadily shrink the structural deficit over the next few years.

Mr. Samuelson of MIT conceded that measures to shrink the deficit would be "a mild depressant on the economy" but added that "the right deal to cut is that any improvement in the basic structural deficit is to be offset by increasing monetary stimulus to the desired degree."

## Quibble Compulsion

Some analysts try so hard to pick market tops that they can't get out of a bearish mode long enough to see the powerful upward trends that are developing in emerging industries. While they quibble about downside Dow targets, we keep identifying stocks we feel can quibble. You'll find projections in weekly reports that are available with our compliments if you'll write, phone or telex.

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## At Quantum Fund, a Top Money Manager Takes His Losses Philosophically

By Albert Scardino

New York Times Service

NEW YORK — George Soros, one of the most successful mutual fund operators of his generation, thinks of himself more as a philosopher than a money manager. So it came as no surprise to his friends that he took his fund's losses in the stock market in the last two weeks philosophically, all \$800 million worth.

"We're still ahead 1.5 percent on the year," he said Tuesday.

Mr. Soros manages the Quantum Fund, a \$1.8 billion mutual fund whose net asset value per share has risen astronomically since he founded it in 1969, from \$41.25 to \$9,793.36 on Tuesday. In the last 18 years, the Quantum Fund has failed to show a profit only once, in 1981,

according to Lipper Analytical Services Inc., a research organization that tracks mutual funds.

This year could be the second.

Since the market started its decline in late August, the Quantum Fund has lost more than 30 percent of its value, sliding to less than \$1.8 billion from more than \$2.6 billion. Last week alone, Mr. Soros sold hundreds of millions of dollars' worth of stocks, taking his losses "voluntarily" to accumulate cash and prevent a further erosion of Quantum's share value.

Mr. Soros, an energetic 57-year-old native of Budapest who worked his way up from Wall Street researcher to international money manager, emerged this year

as the prince of the global village theory of investing.

To Wall Street insiders, Mr. Soros embodied the bull market of the 1980s. Using a broad understanding of international financial trends, he played the markets in Tokyo, London and New York, hedging currencies on one exchange while he sold bonds short in another, gambling on gold futures while he poured tens of millions of dollars into Dow Jones industrials.

The exotic aura surrounding him was enhanced by the fact that Quantum, a Netherlands Antilles corporation, accepted no investors who were either citizens or residents of the United States.

Having turned his vision into a fortune, he decided last year to share his

vision. His first book, "The Alchemy of Finance," landed in the market last summer a few weeks before stocks — and his mutual fund — reached their all-time peak.

With his none-100-original theory that people, with their biases and dreams, move markets, Mr. Soros emerged as this year's philosopher of Wall Street.

According to his theory, markets do not serve as efficient processors of information, turning data into stock prices that accurately reflect reality. Rather, he said, the attitudes of investors determine the stock price, which then acts on the attitudes of investors.

Applying this idea of "reflexivity" to the bull market of the 1980s, Mr. Soros had been claiming — before Wall Street's

recent woes — that the market could climb much higher than its August peak. It would be carried aloft on the sheer enthusiasm of investors.

As far as Mr. Soros is concerned, the crack came two weeks ago, when Robert R. Prechter, the popular market forecaster who had run at the front of the herd of bulls for five years, reversed course in mid-September and warned his clients to pull out of the market.

"I was stunned by his comments, just as everyone else was," Mr. Soros said.

Had stocks recovered quickly, to say, 2,100 on the Dow industrial average, the whole experience "might have been written off as a bad dream," he said. Now, the decline has become more than an apparition. "It is very real," he said.

**M**ERGING two large banks can produce significant economies of scale. It can also produce significant programming headaches if the two have different computer systems.

When the Bank of Virginia, a 22-year Unisys customer, merged with a Maryland bank to form Signet, the banks had to decide how to use two very different computer systems. They decided that one system would be

assigned to the new organization's retail business, and the other system to the commercial business.

Since Signet is strongly customer-oriented the big question was, whose equipment would be assigned to handle the retail business?

"The bank has always cared a lot about their retail customers, and they expect us to as well," said Glen Lyons. "Our people showed them how they'd be able to maintain their high customer service

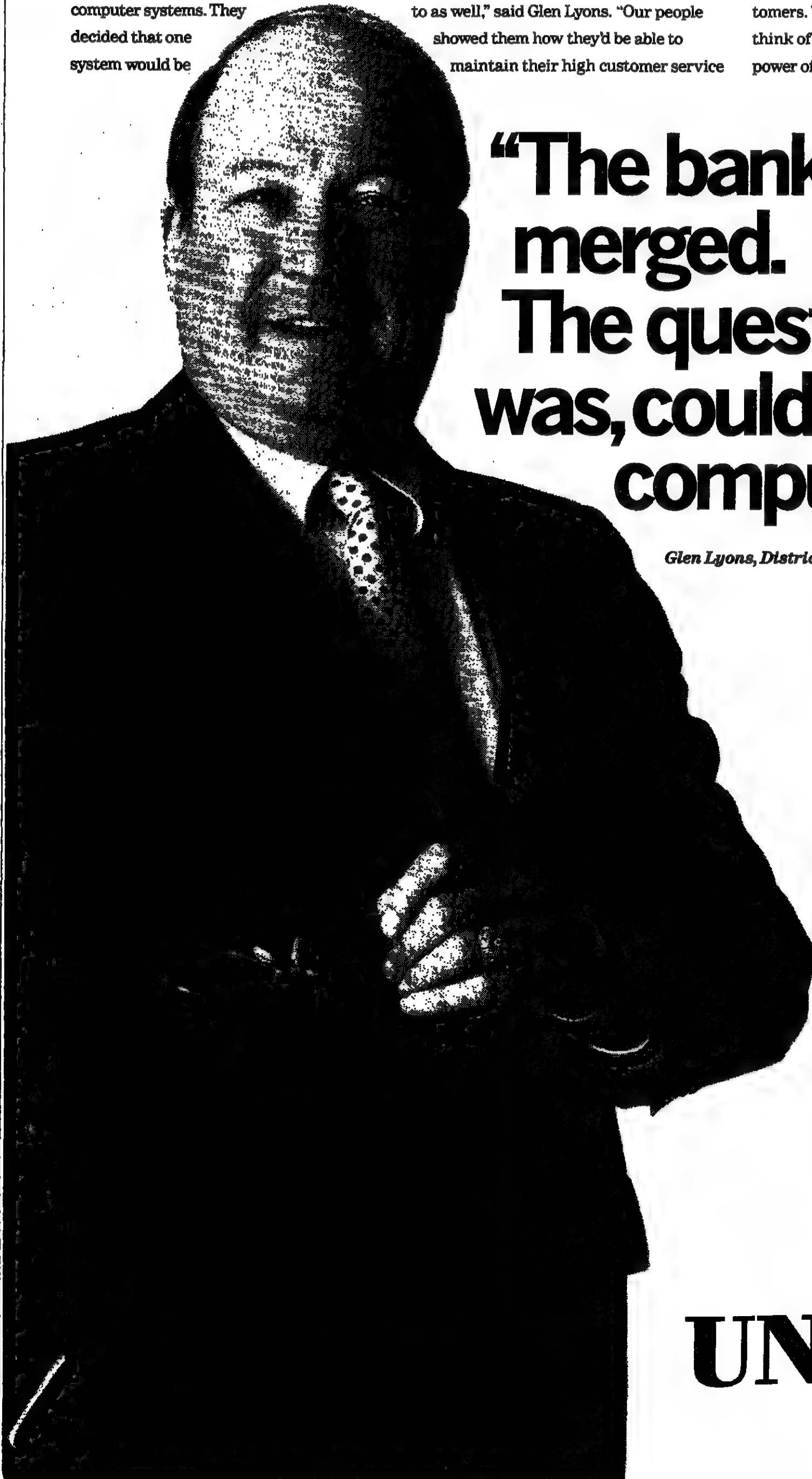
standards, even with 90 new branches, without any interruption of service.

"They knew that we could do it. The bank has grown fast for many years, and Unisys has always kept pace with them. And Signet has never had to rewrite their software.

"It's been real rewarding to work with bankers who care so much about their customers. We work with them so closely, they think of us as family now. That's really the power of 2."

**"The banks merged. The question was, could their computers?"**

Glen Lyons, District Manager, Unisys.



**UNISYS**  
The power of 2

## Publishes Plans to End Currency Controls

STRASBOURG, France — The European Community's executive commission on Wednesday published proposals to eliminate exchange controls in the community. Under the plan, the 12 member states would lift all controls on capital movements by the end of 1992, a key part of the EC's goal of creating members' economies.

The commission president, Jacques Delors, said that financial integration "will allow the community to defend itself better against risks from outside and to speak with one voice for solving the problems posed by current imbalances in the world economy."

Exchange controls are common to limit the amount of cash that can flow out of countries with weak currencies. The commission hoped that capital should move freely between all EC countries immediately, except for Spain, Portugal, Ireland and Greece, which would be allowed to reduce controls gradually until the end of 1992.







## MARKETS IN TURMOIL: Dollar tumbles to new lows

## DOLLAR: Central Banks Intervene to Control Its Slide

(Continued from Page 1)

dine in Tokyo, when the dollar fell below 174.70 DM. The organized dollar buying continued in the United States, Europe, Japan, Switzerland, France, Britain, Italy and the Netherlands as well as "sustained," but it was hard pressed to put an end to the downward slide.

Market sources described the intervention by the central banks of the United States, West Germany, Japan, Switzerland, France, Britain, Italy and the Netherlands as "sustained," but it was hard pressed to put an end to the downward slide.

The dollar closed in London at 173.50 DM, down from 176.30 on Wednesday's close, and at 139.15 yen, down from 141.50.

Although the intervention slowed the pace of the dollar's slide in Europe, it provided little relief for the stock markets. Shares fell again on most Asian and European exchanges, although all Street's blue-chip index shed a fraction of a point higher. Economists said that Wednesday's central bank action was almost inevitable, given the collapse of global equity prices and the

## London Dollar Rates

Currency	Wed.	Thurs.
Deutsche mark	173.50	176.30
Swiss franc	1.485	1.490
Japanese yen	139.15	141.50
French franc	163.50	165.00

Source: Reuters

threat that such a plunge poses to world economic stability.

The dollar simply has to move lower and this is a massive, coordinated attempt to make the decline as orderly as possible and to cushion the other financial markets from the negative effects of the stock collapse by pouring in liquidity," said David Jones, an international economist with Aubrey G. Lantson & Co. in New York.

"The central banks are going to save the world from global depression by refueling it," he said. "There is no happy medium."

Mr. Jones said that the leading industrial nations are likely to try to hold the dollar in a range between 1.70 and 1.80 DM, compared to the range of 1.80 to 1.90 DM that they reportedly agreed to support in February.

Ute Geipel, chief economist at Citibank AG in Frankfurt, said that Wednesday's moves also signaled a loosening in West German monetary policy.

"The Bundesbank and the other central banks know that intervention over a long time is 'futile,'" she said, "unless it is backed by monetary policy."

In New York, Mr. Jones agreed that a significant shift had occurred. He linked it to a report Tuesday that West Germany's monthly trade surplus swelled to 11.5 billion DM (\$6.26 billion) in September, the second-highest level on record.

Some dealers, however, said they doubted central banks could force the dollar into any kind of range at the moment. "I think what they are hoping is that the market will find a bottom for the dollar that they can support," a trader said.

The dollar's decline also put strain on the European Monetary System by pushing the mark to a record high in Paris of 335.17 French francs per 100 DM, up from the previous record of 334.96, set Jan. 19.

Economists said that the concerted attempt to maintain control over the dollar's decline was likely to continue.

But they warned that in the current chaotic economic situation, many of the central bank's short-term options, such as pumping liquidity into money markets to keep interest rates down, run the risk of pushing inflation rates higher.



DOLLAR BLUES — A chalkboard at the Frankfurt stock exchange, where the dollar was fixed nearly 3 pennings lower Wednesday against the Deutsche mark.

## POLICY: Pressure Mounts on Bonn to Expand Economy

(Continued from Page 1)

exporting companies were particularly hard hit in Frankfurt on Wednesday, underlining the need for West Germany to rethink its hitherto "intransigent" attitude, they added.

If the Bundesbank does not act, there would be a crisis in the European Monetary System and the dollar would continue to fall, pushing U.S. bond prices down and further weakening the stock market, Mr. Brown said.

Other analysts were concerned that West Germany would continue to turn a deaf ear to pleas for action that would reduce its trade surplus, attract more imports and allow other European economies to grow faster. West Germany has long been resisting these pleas, for fear of reigniting inflation.

Most analysts and European officials, however, continued to give equal priority to the adoption of a "market-conforming" plan in Washington to cut the U.S. budget deficit, preferably within the next few days.

But there were fears that political posturing in Washington would delay an early deficit reduction accord. The Democratic-controlled Congress appeared to be more interested in forcing President Ronald Reagan to "say uncle" on tax increases, which he has long op-

posed, than to fashion a serious budget agreement, said one official.

"If the stock market won't wake them up, then the currency markets will have to," the official said, referring to both the congressional and White House negotiators.

As the Deutsche mark hardened against weaker European currencies such as the French franc and the Italian lira, private analysts speculated that European Community finance ministers might have to meet to discuss a possible realignment of EMS exchange rates.

But officials discounted the prospect, saying that it was quite usual for the gap between the mark and the other currencies to widen when the dollar fell.

One European source put the chances of an early meeting of the Group of Seven leading industrial countries at "better than 50-50," especially if the dollar continued to plunge. But the general view was that the worst thing possible would be to hold such a meeting without positive results.

U.S. officials continued to insist that no such meeting had been scheduled. The United States' partners would much rather see James A. Baker III, the U.S. Treasury secretary, concentrate on ensuring the success of the budgetary negotiations between the White House and Congress in Washington, and not

have him distracted by a G-7 meeting, one official said.

Both government and private economists in Europe were hoping that the Washington negotiations would lead rapidly to a convincing commitment, not just to cut the budget deficit this year but to put it on a clear downward track in the years ahead. Such a plan, if possible, he agreed upon this week, they said.

European sources said that the plan could then be incorporated into a G-7 package, in which both West Germany and Japan would commit themselves to expansionary tax and interest rate policies.

Under those conditions, the seven countries could reaffirm their so-called Louvre agreement on exchange rate and economic policy cooperation in the hope of stabilizing the dollar at the lower rate it would then have reached.

Private economists were unanimous in saying that the two main tasks were to keep growth alive in countries outside the United States so as to offset the slower American growth they now expect next year and to try to brake the dollar's descent.

Mr. Johnson said that under a "benign" scenario, he foresaw the dollar dropping to 1.70 DM and 135 yen by the end of the year.

## Wednesday's OTC Prices

NASDAQ prices as of 2 P.M. New York time.  
Via The Associated Press

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SPORTS

# Yanks' Mattingly Gets First 'Perfect' Rating in Major League Baseball

By Murray Chass  
New York Times Service

NEW YORK — Don Mattingly of the New York Yankees, who for the past two years has generally been considered the best player in major league baseball, gained a new distinction Tuesday. He became the first player to receive a perfect score in the seven years of the ranking statistics.

The statistics, based on the 1986 and 1987 seasons, are compiled by the Elias Sports Bureau to determine the rank of players eligible to be free agents. A free agent's rank, in turn, determines what level of compensation, if any, is required if the player signs with a new team.

The rankings, however, are also the most complete guide for statistically comparing players at each position and in ranking groups. Mattingly is the first to place first in every category in the statistics used for ranking his position. First basemen are ranked on plate appearance, batting average, on-base percentage, home runs and runs batted in. Because Mattingly is first in each category, he got a rank of 1.0.

In the previous six years, the lowest, or best, rank in either league was 1.4 for Mattingly last year and 1.4 for Eddie Murray of the Baltimore Orioles in 1984. The player's placements in the various categories are added, then divided by the number of categories to get the ranking number.

Closest to Mattingly in this year's computations among American League players is Cal Ripken Jr. of Baltimore, with 2.143.

The best rank in the National League belongs to Mike Schmidt of the Philadelphia Phillies, with 2.429. Schmidt is the top-ranked third baseman for the seventh year, making him and Gary Carter of the New York Mets the only players in both leagues to be ranked at the top of their positions all seven years.

Mattingly has been the top-ranked AL first baseman for three consecutive years. Ripken the top-ranked shortstop for four straight years. The only other AL repeater from last year is Larry Parrish of the Texas Rangers, as the No. 1 designated hitter.

Ernie Whit of the Toronto Blue Jays replaced Lance Parrish of the Detroit Tigers as the top-ranked catcher, Johnny Ray of the California Angels replaced Lou Whitaker of the Tigers at second base. Wade Boggs of the Boston Red Sox replaced George Brett of the Kansas City Royals at third. George Bell of the Toronto Blue Jays replaced Jim Rice of the Red Sox in the outfield.

Roger Clemens of the Red Sox replaced Jack Morris of the Tigers as the starting pitcher and Mark Eichhorn of the Blue Jays replaced Donnie Moore of the Angels as the top relief pitcher.

In the National League, repeaters besides Schmidt and Carter were Dale Murphy of the Atlanta Braves, for the fifth successive year, the No. 1 outfielder, and three players for the fourth straight year. Keith Hernandez of the Mets at first base, Ryne Sandberg of the Chicago Cubs at second and Ozzie Smith of the St. Louis Cardinals at shortstop.

The only changes in the NL from last year were in pitching. Mike Scott of the Houston Astros supplanted the Mets' Dwight Gooden as the top-ranked starter and Todd Worrell of the Cardinals replaced Scott Garretts of the San Francisco Giants as the No. 1 reliever.

Once the players are ranked at each position, they are placed in five ranking groups. Catchers, starting pitchers and relievers remain by themselves while first

basemen, outfielders and designated hitters are grouped together, as are second basemen, third basemen and shortstops.

In the AL, Mattingly was the No. 1 player for the third straight year in his ranking group and Ripken was first in his group for the fourth consecutive year. In the NL, Murphy was No. 1 in his group, replacing Hernandez, who had replaced him last year after three years as No. 1. Schmidt was first among the infielders, supplanting Smith.

Mattingly also received a perfect score of 100 in his ranking group. Previously, the highest score in a ranking group was pitcher Steve Carlton's 98.925 in 1981, the first year of the ranking statistics. Murray's 98.467 in 1984 had been the previous high in the AL.

When the players are ranked in groups, the top 30 percent of each group are classified as Type A for compensation purposes, the next 20 percent as Type B and the next 10 percent as Type C.



Kirby Puckett, the Twins' center fielder, was a touching sight as he rode through the streets decked out in fur coat and aviator's cap for the World Series victory parade.

## Fans Shower Twins With Love 'n' Money

The Associated Press

ST. PAUL, Minnesota — Hundreds of thousands of Minnesota Twins fans showered their heroes with millions of dollars in shredded money and waved the ever-present Homer Hankies in a World Series victory celebration Tuesday.

Police estimated that more than 200,000 people turned out for the start of the parade in Minneapolis and another 200,000 or more watched the parade through St. Paul and at a rally on the steps of the capitol. But crowd estimates were a crushshot at best, with more than one police officer estimating a combined crowd of about a million for the entire event.

Governor Rudy Perpich gave most state employees the afternoon off and many Twin Cities schools followed suit. Perpich proclaimed the rest of 1987 "Twins' Year," and promised individual days in honor of each player and members of the team's management.

Pitcher Bert Blyleven said it was "the best recognition that any club could ever want," adding: "It makes you want to start playing again tomorrow so you can do it again next year."

People were hanging from windows, teenagers climbed traffic lights and construction workers nearly 60 stories above the street waved their hands and placards. Some 2,000 pounds (900 kilograms) of out-of-circulation



In downtown Minneapolis, the team's parade was showered with shredded money.

money, contributed by the Federal Reserve Bank in Minneapolis, was shredded for confetti. There was so much paper that fires broke out under at least three cars, two of which were occupied by Twins players Sal Butera and George Frazier during the first leg of the pa-

rade. They escaped and got into other cars. At least one rescuer was arrested in St. Paul, on a charge of criminal damage to property. "I guess somebody who had too much to drink tipped a license plate off a squad car," said Captain Robert Gray, a watch commander.

# Hearns Takes Aim at Roldan, a Fourth Title and History

By Phil Berger  
New York Times Service

NEW YORK — Thomas Hearns will be shooting for a place in boxing history Thursday when he fights Juan Roldan for the World Boxing Council middleweight title in Las Vegas. Should he win, Hearns would be the first fighter to have held four world titles.

On the face of it, that would be a remarkable achievement. For there is a tendency among fighters who step up in class to lose punching power when they go. Yet Hearns, who began his professional career as a welterweight (147-pound, or 66.6-kilogram, limit) won his last title, in March against Dennis Andries, as a light heavyweight (175 pounds). Hearns not only beat Andries he knocked down the WBC champion six times before stopping him in 10 rounds.

Against Roldan, Hearns is obliged to come in at or under the 160-pound middleweight limit.

For Hearns, the Roldan fight may give him historic legitimacy but it remains to be seen whether that would help his boxing image. World titles are not at the premium they were years ago, before the sport was fractionalized by three gov-

erning bodies: the WBC, the World Boxing Association and the International Boxing Federation.

Each of those groups has a different set of champions, except in the rare instance where a title has been unified. Currently, only the heavyweight division has an undisputed champion, Mike Tyson. All other weight classifications have multiple claimants.

There has been further proliferation of world titles through the relatively new, so-called junior weight classes — for example, the junior welterweight (140-pound limit) and junior middleweight (154 pounds) divisions. This development makes purists fondly recall the 1950s, when there were eight world champions in divisions that ranged from flyweight (112 pounds) to heavyweight. Then the average boxing fan did not need a computer to keep track of the sport's titlholders.

Despite such arguments, Hearns sees his quest for a fourth title as crucial to his standing in the sport.

"When I beat Roldan, it will erase all the criticism I've been getting from people because of the fact that Ray Leonard and Marvin Hagler beat me," he said. "It seems like I get a lot of flak for

that. People always bring up the two losses, and never what I've done. This fight will put me in the history books and put great thoughts in people's minds."

But for now, the rap on Hearns is that he can't win the big ones.

He faced Leonard and Hagler in fights that were major spectacles. He faced both times, the only losses on a record of 44 victories, 37 by knockout. Hearns, who is known as the Hit Man, is recognized by most boxing experts as a powerful puncher, but the losses diminished his reputation and raised questions about his staying power against opponents who can stand up to his blows.

Leonard not only outlasted Hearns's best shots, he hit Hearns hard enough to force a reversal of roles during Sept. 16, 1981, welterweight title fight. Hearns, the stalking slugger, had to turn boxer to avoid the damaging blows of Leonard, a master boxer who suddenly became the pursuing puncher.

Late in the fight, Hearns was ahead on the official scorecards, then wilted under Leonard's blows.

"You're blowing it, son," trainer Angelo Dundee told Leonard between rounds 12 and 13.

Leonard scored a knockdown in the 13th round, and stopped Hearns a round later.

Hagler was another story. In their April 1985 bout, Hearns decided to fight toe-to-toe with the undisputed middleweight champion. While it lasted, the blows were nonstop and vicious. Again, though, Hearns unraveled, as fatigue and the toll of Hagler's punches made his legs wobble. Hagler knocked him out in the third round.

With an impressive victory over Roldan, a 30-year-old Argentine with a record of 63-3-2 and 41 knockouts, Hearns, 29, hopes to become boxing's big draw in the middle-range weight classes. In the back of his mind is the prospect of a much-desired rematch with Leonard or Hagler, perhaps both.

But Roldan, a rough and durable opponent with a bore-in style, is no sure thing. "He bulls his way in," said Hearns. "He doesn't respect nobody. But I demand my respect. How I'll demand my respect is by showing him a hard left jab. From there I think Thomas Hearns will box his way to a victory."

In the past, Roldan has shown a penchant for roughhousing opponents. "He is not the cleanest fighter in the world," said Hearns. "But I'm not going to let him in close enough to use his head."



Thomas Hearns got a hug from daughter Natasha, 4, after sparring with reporters.

forearms and shoulders. I'll keep him fighting on the outside. And he'll win when he does get inside." Hearns won the first of his championships in August 1980, when he knocked out Pipino Cuevas in two rounds to win the WBA welterweight championship. He beat Wilfredo Benitez for the WBC super welterweight (also known as junior middleweight) title in December 1982.

## SPORTS BRIEFS

### NFL Pension Surplus 'Wiped Out'

KANSAS CITY, Missouri (WP) — Jack Donlan, the National Football League's chief labor negotiator, said Tuesday at the annual fall meeting of the teams' owners and the league commissioner, Pete Rozelle, that the players' pension fund surplus — which had been \$40 million — has "for all intents and purposes" been "wiped out" by the declining stock markets.

Donlan said he would like to resume negotiations with the NFL Players Association soon, but that reaching agreement on one of the major issues — pension benefits for the players — could become a problem.

The owners increased team rosters to 50 players for the rest of this season, with 45 to be selected each Tuesday to play in that week's games.

### Tottenham Picks Venables to Manage

LONDON (AFP) — The English first division soccer team Tottenham Hotspur ended four days of intense speculation Tuesday when it chose Terry Venables to take over from David Pleat as manager on Dec. 1.

Pleat resigned under pressure last Friday after newspaper allegations about his private life. Venables, 44, who was fired as manager of the Barcelona team in September, said he could not take up his new duties before December because of "outstanding commitments." He played in Tottenham's 1967 FA Cup winning team.

### For the Record

The Seibu Lions, with a base-empty homer by former major league George Vukovich beat the Yomiuri Giants, 2-1, to take a 2-1 lead in the best-of-seven Japan Series.

Bob (Buck) Rodgers, who guided the Montreal Expos to a surprising third-place finish in the National League East this season, was named manager of the year by the Baseball Writers' Association of America.

Pete Rozelle, the NFL commissioner, said of the league's replacement games during the players' strike: "It's unfortunate we had to play them. They certainly didn't measure up to NFL caliber."

## Glasnost Gets a Good Ride in D.C. International

By Andrew Beyer  
Washington Post Service

WASHINGTON — Mikhail Gorbachev may be playing it coy on the matter of a summit meeting, but at least Glasnost is upholding the spirit of glasnost. The 3-year-old will be the first thoroughbred from the Soviet Union to race in the United States in 21 years when he starts Saturday in the Washington, D.C. International.

Although he has attracted more attention than any of the other entries in the race, Glasnost remains a mystery horse, for Soviet racing is as insular as other aspects of Soviet society.

Soviet horses almost never venture outside the East bloc, so there are no lines of comparison to draw between them and horses from Western Europe or America. Who knows what it means that Glasnost won the Soviet-Mongolian Friendship Prize by a length this summer?

Most likely it means that the colt was meeting a distinctly inferior brand of competition, but that's what handicappers have thought when the last Soviet entrant, Aniline, competed in the 1966 International. He finished second to France's Behistoun and beat America's top grass runners in the process.

### Aniline's jockey and trainer that day was Nikolai Nasibov; this week, Nasibov was back at Laurel Race Track training Glasnost, and remembering Aniline with affection.

"We had three trainers at our farm, and we would draw lots to decide who got what horse," he said through an interpreter. "We put the horses' names on pieces of paper

and pulled them from a hat, and I was the one who got Aniline."

"He was a very good horse. He is remembered not only in the Soviet Union but in Europe. In the International, he just couldn't keep up in the final 500 meters. But we haven't had a horse so good for a long time."

Is Glasnost in Aniline's class? "No, no," Nasibov replied. He explained that there were at least two better horses in the Soviet Union when it was decided to send a representative to the International.

expect to win this International, but they are here to observe and to learn what they can from American racing and breeding.

The differences between the two countries' thoroughbred industries are drastic, of course. Nasibov sees only one great similarity: "We have the same crazy people like in America. They like to bet."

### Trainer Nikolai Nasibov sees only one similarity between the Soviet and U.S. thoroughbred industries: "We have the same crazy people like in America. They like to bet."

## Swedes Get NFL, British Drooped

The Associated Press

KANSAS CITY, Missouri — The owners of the National Football League teams approved Tuesday the playing of two exhibition games outside the United States next summer: the Chicago Bears against the Minnesota Vikings in Gothenburg, Sweden, on Aug. 12 or 13 and the New York Jets against the Cleveland Browns in Montreal between Aug. 18 and 22.

For the first time in three years, however, there was no preseason game scheduled for Wembley Stadium outside London, where the Bears and the Dallas Cowboys played two summers ago and the Los Angeles Rams and the Denver Broncos played this August to a nearly full house.

horses, although they are managed by 12 breeding farms.

Even though it may sound as if there are no incentives in the system, Nasibov explained that the farms are autonomous and have a spirited rivalry. "Everybody wants to beat each other," he said. "Without competition, you can't have progress. It's the same as in America."

LOUISIANA STATE — Brian Achen, light mid with only one season with a team in the NCAA — imposed probation on Virginia Tech's football program with scholarship reductions for two seasons and on basketball program with two years of no postseason play due to recruiting violations.

## SCOREBOARD

### Football

#### U.S. College Leaders

TEAM OFFENSE	TEAM DEFENSE
<b>Total Offense</b>	<b>Total Defense</b>
1. Oklahoma 335	1. Oklahoma 132
2. Nebraska 325	2. Nebraska 125
3. Florida 320	3. Florida 120
4. Penn State 315	4. Penn State 115
5. Texas 310	5. Texas 110
6. Michigan 305	6. Michigan 105
7. Notre Dame 300	7. Notre Dame 100
8. Iowa 295	8. Iowa 95
9. Wisconsin 290	9. Wisconsin 90
10. Ohio State 285	10. Ohio State 85
11. Stanford 280	11. Stanford 80
12. Texas A&M 275	12. Texas A&M 75
13. Arkansas 270	13. Arkansas 70
14. Auburn 265	14. Auburn 65
15. South Carolina 260	15. South Carolina 60
16. Georgia 255	16. Georgia 55
17. Mississippi State 250	17. Mississippi State 50
18. Alabama 245	18. Alabama 45
19. Tennessee 240	19. Tennessee 40
20. Kentucky 235	20. Kentucky 35
21. Missouri 230	21. Missouri 30
22. West Virginia 225	22. West Virginia 25
23. North Carolina 220	23. North Carolina 20
24. Texas Tech 215	24. Texas Tech 15
25. Oklahoma State 210	25. Oklahoma State 10
26. Baylor 205	26. Baylor 5
27. Texas Tech 200	27. Texas Tech 0
28. Kansas 195	28. Kansas 0
29. Oklahoma State 190	29. Oklahoma State 0
30. Texas Tech 185	30. Texas Tech 0
31. Kansas 180	31. Kansas 0
32. Oklahoma State 175	32. Oklahoma State 0
33. Texas Tech 170	33. Texas Tech 0
34. Kansas 165	34. Kansas 0
35. Oklahoma State 160	35. Oklahoma State 0
36. Texas Tech 155	36. Texas Tech 0
37. Kansas 150	37. Kansas 0
38. Oklahoma State 145	38. Oklahoma State 0
39. Texas Tech 140	39. Texas Tech 0
40. Kansas 135	40. Kansas 0
41. Oklahoma State 130	41. Oklahoma State 0
42. Texas Tech 125	42. Texas Tech 0
43. Kansas 120	43. Kansas 0
44. Oklahoma State 115	44. Oklahoma State 0
45. Texas Tech 110	45. Texas Tech 0
46. Kansas 105	46. Kansas 0
47. Oklahoma State 100	47. Oklahoma State 0
48. Texas Tech 95	48. Texas Tech 0
49. Kansas 90	49. Kansas 0
50. Oklahoma State 85	50. Oklahoma State 0

### PGA Leaders

Statistical leaders in the PGA tour through the Curtis Cup match which ended Oct. 25.

PGA TOUR	PGA TOUR
<b>Money</b>	<b>Money</b>
1. Tom Watson 1,234,567	1. Tom Watson 1,234,567
2. Jack Nicklaus 987,654	2. Jack Nicklaus 987,654
3. Arnold Palmer 765,432	3. Arnold Palmer 765,432
4. Gary Player 543,210	4. Gary Player 543,210
5. Lee Trevino 432,109	5. Lee Trevino 432,109
6. Fuzzy Zoeller 321,098	6. Fuzzy Zoeller 321,098
7. Hale Irwin 210,987	7. Hale Irwin 210,987
8. Seve Ballesteros 109,876	8. Seve Ballesteros 109,876
9. Greg Norman 98,765	9. Greg Norman 98,765
10. Peter Dinklage 87,654	10. Peter Dinklage 87,654
11. Sam Snead 76,543	11. Sam Snead 76,543
12. Ben Crenshaw 65,432	12. Ben Crenshaw 65,432
13. Tom Kite 54,321	13. Tom Kite 54,321
14. Bruce Crampton 43,210	14. Bruce Crampton 43,210
15. Larry Mize 32,109	15. Larry Mize 32,109
16. Curtis Strange 21,098	16. Curtis Strange 21,098
17. John Mahaffey 10,987	17. John Mahaffey 10,987
18. David Frost 9,876	18. David Frost 9,876
19. Mark McCormack 8,765	19. Mark McCormack 8,765
20. Fred Couples 7,654	20. Fred Couples 7,654
21. Steve Stricker 6,543	21. Steve Stricker 6,543
22. Tim Lincecum 5,432	22. Tim Lincecum 5,432
23. Jay Byrd 4,321	23. Jay Byrd 4,321
24. Tom Weir 3,210	24. Tom Weir 3,210
25. John Cook 2,109	25. John Cook 2,109
26. David Leadbetter 1,098	26. David Leadbetter 1,098
27. Greg Leisner 987	27. Greg Leisner 987
28. Tommy Gainey 876	28. Tommy Gainey 876
29. John Olin 765	29. John Olin 765
30. Tom Weir 654	30. Tom Weir 654
31. John Cook 543	31. John Cook 543
32. David Leadbetter 432	32. David Leadbetter 432
33. Greg Leisner 321	33. Greg Leisner 321
34. Tommy Gainey 210	34. Tommy Gainey 210
35. John Olin 109	35. John Olin 109
36. Tom Weir 98	36. Tom Weir 98
37. John Cook 87	37. John Cook 87
38. David Leadbetter 76	38. David Leadbetter 76
39. Greg Leisner 65	39. Greg Leisner 65
40. Tommy Gainey 54	40. Tommy Gainey 54
41. John Olin 43	41. John Olin 43
42. Tom Weir 32	42. Tom Weir 32
43. John Cook 21	43. John Cook 21
44. David Leadbetter 10	44. David Leadbetter 10
45. Greg Leisner 9	45. Greg Leisner 9
46. Tommy Gainey 8	46. Tommy Gainey 8
47. John Olin 7	47. John Olin 7
48. Tom Weir 6	48. Tom Weir 6
49. John Cook 5	49. John Cook 5
50. David Leadbetter 4	50. David Leadbetter 4

### Golf

Statistical leaders in the PGA tour through the Curtis Cup match which ended Oct. 25.

PGA TOUR	PGA TOUR
<b>Money</b>	<b>Money</b>
1. Tom Watson 1,234,567	1. Tom Watson 1,234,567
2. Jack Nicklaus 987,654	2. Jack Nicklaus 987,654
3. Arnold Palmer 765,432	3. Arnold Palmer 765,432
4. Gary Player 543,210	4. Gary Player 543,210
5. Lee Trevino 432,109	5. Lee Trevino 432,109
6. Fuzzy Zoeller 321,098	6. Fuzzy Zoeller 321,098
7. Hale Irwin 210,987	7. Hale Irwin 210,987
8. Seve Ballesteros 109,876	8. Seve Ballesteros 109,876
9. Greg Norman 98,765	9. Greg Norman 98,765
10. Peter Dinklage 87,654	10. Peter Dinklage 87,654
11. Sam Snead 76,543	11. Sam Snead 76,543
12. Ben Crenshaw 65,432	12. Ben Crenshaw 65,432
13. Tom Kite 54,321	13. Tom Kite 54,321
14. Bruce Crampton 43,210	14. Bruce Crampton 43,210
15. Larry Mize 32,109	15. Larry Mize 32,109
16. Curtis Strange 21,098	16. Curtis Strange 21,098
17. John Mahaffey 10,987	17. John Mahaffey 10,987
18. David Frost 9,876	18. David Frost 9,876
19. Mark McCormack 8,765	19. Mark McCormack 8,765
20. Fred Couples 7,654	20. Fred Couples 7,654
21. Steve Stricker 6,543	21. Steve Stricker 6,543
22. Tim Lincecum 5,432	22. Tim Lincecum 5,432
23. Jay Byrd 4,321	23. Jay Byrd 4,321
24. Tom Weir 3,210	24. Tom Weir 3,210
25. John Cook 2,109	25. John Cook 2,109
26. David Leadbetter 1,098	26



## ART BUCHWALD

## The White House Yell

WASHINGTON—The president held a press conference last week. It was his first one in seven months. Now Reagan can return to his usual way of communicating with the media—which is yelling.

This is how the commander in chief deals with the fourth estate. The president steps out of his helicopter onto the White House lawn.

A reporter trying to shout over the din of the copier says, "MR. PRESIDENT, ARE WE AT WAR WITH IRAN?"

The president cups his hand over his ear and shakes his head. When the question is repeated, he yells back, "NO, I'M NOT SORRY I NOMINATED JUDGE BORK."

"MR. PRESIDENT, DO YOU THINK THERE IS GOING TO BE A STOCK MARKET CRASH SIMILAR TO THAT OF 1929?"

The president crosses his forehead and then points his finger at the questioner. "IF IT WILL HELP OUR CONTRAS IN CENTRAL AMERICA, THEN I SAY A CRASH PROGRAM IS SOMETHING I WOULD SUPPORT."

Now the dog is getting away from Nancy, so the president grabs the leash. It's hard to control the dog and listen to a question at the same time, but the president manages to do it.

"MR. PRESIDENT," comes a voice that can barely be heard above the sound of the copier, "WHAT ABOUT NEW TAXES?"

"WE'RE GOING TO BRING THAT UP WHEN GORBACHEV COMES TO THE UNITED STATES. IF HE WANTS A MISSILE TREATY WITH US, HE BETTER STOP FIXING UP OUR MARINES WITH MOSCOW EMBASSY."

**Kew Gardens Reopens**

The Associated Press

LONDON—Part of the Royal Botanic Gardens at Kew was opened Wednesday for the first time since an Oct. 16 storm damaged or destroyed about 10 percent of the garden's 11,000 trees.

The president has made it half-way to the White House. Questions keep being thrown at him from the press pen. He pauses to listen to one from a network correspondent.

"MR. PRESIDENT, IS CONGRESS RESPONSIBLE FOR ALL THE TROUBLE IN THE COUNTRY?"

"YES, AND TO SHOW GOOD FAITH THEY HAVE TO GET OUT OF AFGHANISTAN."

"I MEAN CONGRESS, NOT THE SOVIETS."

"I KNOW WHAT YOU MEAN. IT'S NOT MY FAULT THAT CONGRESS HAS ITS FEET IN CEMENT AND WON'T PUT UP THE MONEY FOR STAR WARS."

All the newspaper people are writing furiously because these free-wheeling questions and answers could mean a new turn in White House policy.

Thanks to the dog dragging him, the president is almost to the White House door and Reagan's aides, who have been biting their nails, sigh with relief.

"MR. PRESIDENT," comes a chilling voice from the back of the press pen, "DO YOU THINK THE DOLLAR SHOULD GO UP OR DOWN?"

"I WILL NOT SAY WHAT I INTEND TO DO ABOUT IT BUT I WILL BE MEETING WITH MY SECRETARY OF DEFENSE TO MAKE SURE WE HAVE ALL THE WEAPONS THAT ARE NECESSARY."

As the dog pulls Reagan through the door, Helen Thomas yells, "THANK YOU, MR. PRESIDENT."

By this time the White House staff is congratulating the president on the press conference.

"You really socked it to them, Mr. President," his press secretary tells him.

"They haven't laid a finger on me since we put those extra propellers in," the president mutters.

"Give the dog some credit too," Nancy says.

Reagan smiles. "What this job is all about is communicating. If I can communicate by yelling and my voice remains strong, I will never have to worry about holding a prepared press conference again."

## At 61, a TV Wizard Starts All Over Again

By Diane K. Shah

LOS ANGELES—Inside a building in Culver City, Grant Tinker is holding a meeting. On the stroke of 10:30 A.M., an anxious writer, his agent at his heels, arrives to pitch a half-hour comedy series.

Since last December, three months after he walked away from his job as chairman of the board at the National Broadcasting Co., leaving it as the No. 1 network, this is what Tinker has been doing: listening, trying to ferret out genuine creative talent from the hordes who claim to have it. That was his charge when he became partners with Gannett Co. to create GTG Entertainment. It is a venture that Tinker intends to be a re-creation of his first one, MTM Enterprises, the folks who brought you Lou Grant and Mary Richards—the "Mary Tyler Moore Show"—and set the standards by which prime-time programming is judged today.

Since MTM's inception in 1970, however, the world of commercial television has drastically changed. The economics of putting a show on the air have become so dizzying as to appear inevitably destined for red ink. Plus, the invasion of cable and the new Fox Broadcasting Co. are draining an already limited pool. Much of Tinker's success was ascribable to his knack of finding writers and keeping them happy. But now the writers Tinker helped launch he can no longer afford, and he is faced with finding bright new ones all over again.

"Essentially, I see TV today much like it was in 1970," says Tinker. "You have a lot of people like me who want to supply the network. The only difference is the dollar factor."

Currently, GTG has 15 shows in the works. 10 of them situation comedies. Tinker has already presented CBS-TV with scripts for two sitcoms and is awaiting a decision.

At 61, Tinker does not have to be doing this. For months before

he left NBC, interested parties, knowing his five-year tenure at the network would soon be up, had been phoning Tinker, asking him to consider his future only when he was officially free to go. The calls were recorded in the order in which they were received. Then, when the time came, Tinker picked up the phone at home in Bel Air and, one by one—starting from the top—he returned each call and made his pitch.

He said he wanted to start another television production company like MTM. He explained how much money he wanted, and freedom, and how much more money it would cost to get such a company going. "I guess I didn't do it right," he says with a faint smile. "I thought this would eliminate some of the people. But nobody blinked."

Of course they didn't. Tinker was the man who had built MTM from scratch, from the single "Mary Tyler Moore Show" into the most creative and financially successful production company of its time. A man who then, 11 years later, simply walked away because, he says, "Sometimes I'd come to work and I'd feel, God, didn't I do this yesterday?"

Instead, he took on the board chairman of NBC, a network so sick and hooked that there was speculation about shutting it.

Tinker led the network away from the graveyard into the green. During his tenure, NBC's profits soared—from \$48 million in 1981 to more than \$400 million in 1986. It owned the United States' living rooms during prime time, hooking the country on "The Cosby Show," "Hill Street Blues" and "Miami Vice," keeping it hooked with Johnny Carson and David Letterman, hanging onto it through the early morning hours with the "Today" show.

Over a period of months he winnowed down his list down to five companies. Virginia-based Gannett, the huge, diversified media company, was one of them. The deal was struck. Tinker and Gannett would form a partnership, with Tinker putting up the

talent and Gannett the money. (No one will confirm the start-up figures, but Gannett's Allan Neuharth admits, "If you said \$100 million over the next five years, you wouldn't look silly.") There would be two sides to the operation: Entertainment programming, including a half-hour nightly magazine show, a sort of USA Today for television—on the East Coast. In addition to drawing a hefty salary, Tinker would split profits with Gannett.

But Tinker wanted his own studio. The old Laird Studios in Culver City went on the auction block. Gannett shelled out \$24 million for it, and Tinker liked the sound of the deal even more. Tinker also did not want to have to go, hat in hand, to the networks to sell his shows. Enter CBS. Laurence A. Tisch, the chief executive officer, offered a deal for any shows Tinker came up with—well, almost any. If CBS hated a show, Tinker could market it elsewhere.

To get a show on the air today takes the bankroll of a sheikh. For example, when a network buys a series from a production studio, it pays a licensing fee, which entitles it to six copies of each episode. These fees, however, that fee no longer comes close to covering a show's costs. Thus, today more than ever, a series must be syndicated if the production company is to see a profit.

Much of the change has been in the salaries that a show's executive producer and writers command. "Bad writers make \$400,000 to \$450,000 a year," says Gary David Goldberg, creator of the hit show "Family Ties." Better writers can ask \$500,000 a year, plus advances on profits. Then there are the executive producers, those in charge of a show's production and administration.

There are maybe two dozen players making \$1 million a year, says Bronson Tartikoff, president of NBC Entertainment.

Of the 17 people Tinker has hired as creators, producers and



Grant Tinker, who claims he doesn't have a talent in the world except the ability to attract talented people.

writers, the key players are Michael Kozoll, co-creator of "Hill Street Blues," Deborah Asai, producer of several highly acclaimed made-for-television movies, and Donald Todd, a writer for the NBC series "A.I." These three are to develop and produce Tinker's new shows under the guidance of Stu Erwin, GTG's executive vice president.

For the last seven years Tinker has lived with Melanie Burke, a former secretary at MTM, now 29. She is the third woman in Tinker's life. His marriage to his first wife, Ruth Byrdy, the mother of his three sons and one daughter, ended in 1962. He was then married to Mary Tyler Moore for 18 years.

He is a man who, perhaps disingenuously, claims not to be in the world except the ability to attract talented people. According to Tinker, like blown leaves

they just wind up at his door. "Really," he says, "I've had inordinate good luck in my associations with people I have recruited or inherited."

Asked why he seems to find the talent when others do not, he says, "Maybe it's because I'm accessible. If somebody gives me something to read, I read it."

If it sounds as though Tinker is climbing on the bandwagon of his past successes, he says this: "What makes a good television show is the writing and the casting. Ideas are not the important thing. None of the people we hired came to us with ideas. Those come later."

Diane K. Shah, a former sports columnist for the Los Angeles Herald Examiner, is at work on a novel. This was excerpted from an article in The New York Times Magazine.

## PEOPLE

## Show for Indian Convicts Draws FBI Complaint

A benefit concert at Costa Mesa, California, for an American Indian activist convicted of killing two FBI agents drew guests such as Clayton Moore, the "Lone Ranger," along with condemnation from protesters and the FBI. Several thousand people attended the benefit for Leonard Peltier. Among the performers were Jackson Browne, Willie Nelson, Joni Mitchell and Kris Kristofferson. Moore, who portrayed the Lone Ranger for years on television, made a rare public appearance without his mask. Peltier, a founder of the American Indian Movement, was convicted in 1977 of murdering the two agents in a 1975 shootout on the Pine Ridge Indian Reservation.

Edward Villella has issued an impassioned plea to the ballet world to forgive Celine Kiriakou, the ballerina who, in writing a book last year describing her drug addiction, told embarrassing stories about companies. Villella, a former principal dancer of the New York City Ballet who now is director of dance companies in Miami and France, made his appeal during a gala awards ceremony at the Kennedy Center for the Performing Arts in Washington. Kiriakou, who dances with the Royal Ballet in London, and six others were honored for having overcome handicaps or life-threatening accidents or setbacks. Kiriakou's triumph was in overcoming the cocaine addiction, anorexia and alcoholic abuse that took her from stardom at the New York City Ballet to the brink of death. With her husband, Greg Lawrence, Kiriakou described her descent and recovery in her book, "Dancing on My Knees."

Vyacheslav Zaitsev, a favorite courtesan of Raisa Gorbachev, basked in applause after his first American television show. Zaitsev dressed in tight, shiny, sequined, and matching his spruced-out jacket, wearing his arms wildly at the finale of an hour-long showing of his dresses, suits and coats at the Waldorf-Astoria hotel in New York. "I want to present all this beauty to so many people who hunger for it," he said before the show. "It is important for me to have this as a Russian beginning."

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